



Daily Report

China

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General

U.S. Urged To Reverse Decision on PLO Mission *OW180828 Beijing XINHUA in English 0755 GMT* 18 Mar 88

[Text] Beijing, March 18 (XINHUA)—A spokesman from the Chinese Foreign Ministry issued a statement here today urging the U.S. Government to reverse its wrong decision in closing the PLO observer mission to the United Nations.

"The (U.S.) decision will in no way help promote the Middle East peace process," the spokesman added.

In deciding to close the mission, he went on, the U.S. Government has not only contravened its obligations as set by the headquarters agreement but also violated the relevant resolution recently adopted by the UN General Assembly.

"We express regret over it and urge the U.S. Government to reverse this wrong decision and earnestly fulfil its international obligations," the spokesman said.

Police Aid in PRC-Hong Kong-U.S. Drug Case *HK180701 Hong Kong SOUTH CHINA MORNING* *POST in English 18 Mar 88 pp 1, 2*

[By Charles Lewis in Hong Kong and Seth Faison in Beijing]

[Text] The wife of alleged Asian drug baron, Johnny Kon Yu-leung, was arrested in Hong Kong yesterday as Chinese police disclosed details of another multi-million-dollar racket involving the attempted smuggling to America of heroin packed inside goldfish.

Thirteen people have been detained in Hong Kong, Guangzhou, Shanghai and San Francisco in what is only the second international drug operation by Chinese authorities.

Police in Hong Kong said last night they had not ruled out the possibility that the racket was linked to the sprawling drug empire allegedly controlled by Johnny Kon, 46, who was charged in New York on Monday with smuggling heroin worth \$7.8 billion.

His wife, Kathleen Kon, also known as Cheng Kim-leang, is expected to appear in Central Magistrate's Court today to face extradition proceedings to the United States.

Kon's brother, Kon Yu-son, a 34-year-old merchant, and sister, Kon Pui-fong, 38, a housewife, were arrested in Hong Kong three days ago and are also facing extradition. No charges have been filed against them.

Officers at Interpol, the international police agency, confirmed last night that they were searching for another three people in connection with the Kon case.

In a rare press conference yesterday, the director of criminal investigation for China's Public Security Bureau, Mr Liu Wen, said the "goldfish" ring was smashed on March 9 when customs officers at Shanghai Airport found 3.3 kilograms of heroin worth about \$14 million stuffed inside ornamental fish scheduled to be put on a Chinese airliner bound for San Francisco.

Another 1.2 kilograms of heroin was found on suspects when they were rounded up in the four cities.

Chinese officials showed a videotape of police cutting open goldfish to reveal the heroin, which they said came from Hong Kong, and interrogating two suspects.

In San Francisco, Drug Enforcement Administration [DEA] Spokesman Cornelius Dougherty said the goldfish were laden with Southeast Asian heroin which was sewn inside condoms.

Chinese authorities spotted a number of goldfish which had died while being shipped in 20 boxes addressed to a business called the Goldfish Aquarium in San Francisco.

Inside the dead fish they found the bags of heroin.

The heroin was re-sewn into the fish, which were placed back in the boxes of among 50 to 60 live goldfish. The shipment was put on its flight to the United States.

A Shanghai police official and an agent from Hong Kong of the United States Drug Enforcement Administration accompanied the shipment to San Francisco.

The boxes were deposited in a cargo area and attached with transponders emitting a signal so that DEA and customs agents could keep them under electronic surveillance.

Two men picked up the boxes in San Francisco and delivered them to the aquarium.

The boxes were opened by three people who were then arrested by agents who had trailed them, the DEA said.

William Mui, 35, Albert C. Tam, a 27-year-old salesman and Sam Kai Lee, a 29-year-old printer, were later charged with possession with intent to distribute heroin, the maximum penalty for which is 10 years jail and a U.S.\$4 million (about HK\$31.2 million) fine.

Mr Liu said Chinese police later arrested six people in Shanghai and Guangzhou and Hong Kong police arrested four people for involvement in the smuggling racket.

The two Chinese who registered the goldfish shipment at Shanghai Airport, identified as Wang Zongxiao, of Shanghai, and Liang Junhua, of Guangdong Province, were apparently later apprehended in Guangzhou, where they work for a snake leather processing factory.

Hong Kong police were supplied with addresses and telephone numbers of their suspected accomplices, leading to the arrests on March 12 of two of the four people detained locally.

The alleged ring-leader was identified as Liang Delun, who was accused by Mr Liu of having "instigated Wang Zongxiao to smuggle drugs".

Chinese police claimed until a few years ago that no drug trafficking existed in the country.

Foreign police forces have complained for years that drugs from the Golden Triangle—the area bordering Burma, Thailand and Laos—were being transported through China's southwestern province of Yunnan before being shipped abroad, mainly from Hong Kong.

Sizeable drug imports from Pakistan's border with western China are now also recognized by Chinese authorities.

China's only previous international drug arrest in recent years, made in Yunnan in 1986, led to the execution of two Hong Kong men for possession of 22 kilograms of heroin.

The Shanghai affair was billed by Chinese authorities as the successful cracking of a major drug case by cooperation of Chinese, Hong Kong and American law enforcement authorities.

But the fact that police were only tipped off by the death of many goldfish indicated that there had been no prior knowledge of the planned smuggling outfit.

Mr Liu said the seized heroin was worthless in China but estimated to have a resale value of US\$400 (about HK\$3,100) [as published] a kilo in the United States.

Mr Liu stressed China's cooperation with Hong Kong and American authorities, raising the hope that steps will be taken to further deter drug trading in and out of the country.

No extradition treaty exists between China and the United States and the suspects will be prosecuted in their respective countries, Mr Liu said.

Asked if the case indicated a rise in triad-related drug activity on the mainland, Mr Liu said he did not know.

Public Security Bureau officials said they had already begun to pay more attention to the problem.

"The drug problem almost disappeared in our country but in recent years international drug traffickers have been trying to smuggle drugs through China," said Public Security Bureau spokesman Wang Jingrong.

However, international analysts have said acceptance of the problem, apparently not as pressing to Chinese police as to those in other countries, was long overdue.

International police have also complained that tip-offs passed to Chinese authorities on numerous occasions usually went without results.

A United Nations agency fighting drug smuggling gained cooperation from Beijing last year only after prolonged negotiations, an agency official said.

Non-OPEC Oil Producers Hold Talks, Offer Support
OW180636 Beijing XINHUA in English 1449 GMT
17 Mar 88

[Text] London, March 16 (XINHUA)—Seven non-OPEC oil producers today offered their support for efforts by the Organization of Petroleum Exporting Countries (OPEC) to stabilize the fragile oil market.

At a 3-day informal meeting on the 9th, 10th, and 16th of March, senior experts from the 7 non-OPEC countries—Oman, Egypt, China, Mexico, Malaysia, Angola, and Colombia—exchanged views on the recent deterioration of oil prices and tried to work out ways to regain the loss of market stability.

Sources close to the talks said today that the meeting, the first of its kind, was called by Egyptian Oil Minister 'Abd al-Hadi Kandil in the wake of the sharp drop in world oil prices over the past few weeks.

It was noted that the Chinese representatives played a very positive part in the talks, which was something rare to see in the past.

The sources said experts at the meeting found their discussions very useful and hoped to keep up contacts in future.

The non-OPEC nations also expressed the hope of establishing some kind of cooperation and opening dialogue with OPEC, which is struggling to defend the cartel-mandated price of 18 dollars per barrel.

World oil prices have recently slumped due to weak demand since the beginning of this year. The average OPEC price for oil has dropped to between 13 and 14 dollars per barrel.

The fall in spot prices is forcing some of the 13 member-countries of OPEC to resort to discount contract sales, while Saudi Arabia, the biggest OPEC producer, has been pressed to cut its quotas.

Soviet Union

XINHUA Cites Moscow Paper on Azerbaijan Unrest
OW171404 Beijing XINHUA in English 0720 GMT
17 Mar 88

[Text] Moscow, March 16 (XINHUA)—The cause of the unrest in Soviet Azerbaijan was a violation of the right of autonomy, the weekly paper MOSCOW NEWS reported today.

Karen Khachaturov, vice council chairman of the No 2 official Soviet news agency NOVOSTI, said the demands of differing nationalities were ignored for years because of the thinking that Soviet ethnic problems had been solved once and for all.

Beginning on February 11, leaflets were distributed and Armenians living in Azerbaijan held rallies to press for the region's incorporation into the Republic of Armenia.

Khachaturov said that when the Nagorno-Karabakh Autonomous Region was established in Azerbaijan in the 1920's, neither the constitution of the Soviet Union nor that of the republic stipulated the right of the region.

He added that shortcomings in social, economic and cultural life of the region include the fact that Armenian history and geography are not taught in the only college of the region.

The belittling of each other's history and culture by scholars of the two union republics of Azerbaijan and Armenia has also estranged the two nationalities from each other, he said.

He pointed out that another cause of the problem is that the Armenian population of the region dropped from 84.4 percent to 75.8 percent during the period 1959-1979, while that of the Azerbaijanis increased from 13.8 percent to 22.9 percent.

Northeast Asia

Patent Granted to Japanese Firm Canceled
OW180036 Beijing XINHUA in English 1609 GMT
17 Mar 88

[Text] Shanghai, March 17 (XINHUA)—The China Patent Bureau has cancelled a patent it issued to a Japanese company, XINHUA learned today.

The patent was issued to the Japanese Sharp company April 30, 1986, on the exterior design for an electric thermos bottle.

It has been abolished on discovery that the design is identical to that for products of another Japanese firm, the Matsushita.

This is the first time that the bureau has withdrawn a patent registered in China.

The bureau called off the patent according to article 23 of China's Patent Law, which provides that the exterior design for a patented product must not be the same as or identical to any already published or in use.

Southeast Asia & Pacific

SRV Troops Set Fire to Guangxi Forest
HK181117 Beijing ZHONGGUO XINWEN SHE
in Chinese 0921 GMT 18 Mar 88

[Report: "Vietnamese Troops Set Fire to a Chinese Forest Near Pingerguan on the Guangxi Border"]

[Text] Nanning, 18 Mar (ZHONGGUO XINWEN SHE)—At 1740 Beijing mean time on 16 March, Vietnamese troops set fire to three parts of the forest between the No 2 and No 3 boundary markers on the eastern path opposite Pingerguan of Pingxiang City on the Guangxi border. After a brave fight by Chinese soldiers and civilians, all the fires were extinguished by 0420 on 17 March, thus protecting the 3,000 mu of forest on the Daqingshan forest farm.

Statistics show that for 5 years previous to this, the Vietnamese troops opposite Pingerguan had set fire to the forest on the Chinese border on 24 occasions.

A northwesterly wind was blowing hard in the Pingerguan area on the afternoon of 16 March, which was during the tree planting season. The Vietnamese troops attempted to take advantage of the strong wind to destroy the forest on the Daqingshan forest farm by setting fire to it. As soon as the fire was reported, Jia Fukun, leader of the Fakashan garrison; Yang Mingde, chief of the Daqingshan experiment bureau affiliated with the Chinese Academy of Forestry Sciences; as well as officials from the Pingxiang City Government and public security bureau rushed to the scene to guide the fire fighting work. Forestry Vice Minister Yang Yansen, who was there on an inspection tour, also took part in the fire fighting work. The Fakashan soldiers and civilians, who have rich experience in fighting fires set by the Vietnamese troops, have built a 3,000-meter-long fire control belt along the border line since last July. This fire control belt played a major role in the fire fighting work last time.

Thai Delegation Leaves for Lao Border Talks
OW171238 Beijing XINHUA in English 0731 GMT
17 Mar 88

[Text] Bangkok, March 17 (XINHUA)—A Thai Government delegation, led by Foreign Affairs Permanent Secretary M. R. Kasem S. Kasemsi, left here for Vientiane this morning for talks with a Laotian delegation on their border dispute.

The Thai delegation has been invited to Vientiane after no agreement was reached at the first round of talks held here on March 3-4.

A Thai Foreign Ministry spokesman was quoted as saying yesterday that in Vientiane the Laotian side would be expected to give a reply to a Thai proposal put forth at the last round of talks on the formation of a joint border committee.

Thailand hopes that the committee is formed and a framework agreed upon so that the two sides can resolve the border dispute, he said.

The talks are scheduled to last two days, according to Thai Foreign Ministry sources.

Thailand and Laos had been locked in fighting since last November for the control of an 80-square-kilometer strip between the Thai province of Phitsanulok and the Sayaboury Province of Laos until a ceasefire agreement was reached in mid-February.

Sovereignty Over Spratlys 'Indisputable'

*OW171648 Beijing International Service
in Mandarin 0900 GMT 17 Mar 88*

[Text] A spokeswoman for the Chinese Foreign Ministry noted that the armed conflict that took place near the Nansha [Spratly] Islands was single handedly provoked by the Vietnamese side. During a news briefing in Beijing on 16 March, the spokeswoman stressed that the Nansha Islands have always been part of Chinese territory. The recent patrol and scientific study and scientific surveys conducted in the waters around the Nansha Islands by vessels dispatched by relevant Chinese departments fall entirely within China's sovereignty and are for peaceful purposes exclusively, she said.

The spokeswoman then listed a series of facts to expose the Vietnamese authorities' ulterior motives in creating tension in that region. She said: Recently, the Vietnamese authorities have continuously dispatched large numbers of naval vessels to the waters around the Nansha Islands to accelerate their invasion and occupation of some islands and atolls of China's Nansha Islands. In a concerted action, the Vietnamese Air Force has also increased its activities in that area. Meanwhile, the Vietnamese authorities have stirred up a wave of hostilities against China throughout Vietnam in an attempt to mobilize people from all walks of life to support their actions in the Nansha Islands.

Commenting on the conflict on 14 March, the spokeswoman said: On that day, the Vietnamese Navy made provocations against Chinese personnel conducting surveys and study on the Chigua Reef, and Vietnamese vessels opened fire on these people and on the Chinese

vessels anchored nearby, thus wounding Chinese personnel. It was under such circumstances that the Chinese side was forced to make a limited counterattack in self-defense.

The spokeswoman stressed that China expresses its deep regret over the armed conflict provoked deliberately by the Vietnamese authorities in the waters of the Nansha Islands, and hopes that no similar incidents will occur in the future.

Answering a question on whether China is willing to accept the proposal to hold an international conference to negotiate settlement of the dispute over the Nansha Islands, the spokeswoman said China's sovereignty over the Nansha Islands is indisputable.

Soviet Official Attends Talks in Phnom Penh

*OW180047 Beijing XINHUA in English 1659 GMT
17 Mar 88*

[Text] Hanoi, March 17 (XINHUA)—The vice foreign minister of the Soviet Union, Igor Alexeyevich Rogachev, has arrived in Phnom Penh for the regular annual meeting with the vice foreign ministers of Vietnam and Laos and Phnom Penh officials.

A Vietnamese Foreign Ministry spokesman said at a news briefing here today that the four delegations will exchange views on regional peace and stability, as well as the Kampuchean issue.

The meeting will also discuss the border dispute between Thailand and Laos, and the Nansha Islands issue, the spokesman said.

After the talks, which got under way in Phnom Penh yesterday, Rogachev leaves for Hanoi and Vientiane.

Chen Muhua Meets With Asian Investment Group

*OW180052 Beijing XINHUA in English 1143 GMT
17 Mar 88*

[Text] Beijing, March 17 (XINHUA)—Chen Muhua, state councillor and governor of the People's Bank of China, met S.P. Chung, executive chairman of the Singapore-Australia Chungco group, and his party here this afternoon.

Chung is in Beijing to acquaint himself with China's investment environment and sign an agreement of cooperation with the China Huayang Technology and Trade Corporation.

The group, a large enterprise in (Southeast) Asia based in Brunei, is mainly involved in high-tech development and investment. At present it plans to expand its business to China and Europe.

Envoy Presents Credentials in Kiribati

OW180252 Beijing XINHUA in English 1843 GMT
17 Mar 88

[Text] Beijing, March 17 (XINHUA)—Xu Mingyuan, new Chinese ambassador to the South Pacific Republic of Kiribati, has presented his credentials to Kiribati President Ieremia Tabai, according to a report reaching here today from Suva, capital of Fiji.

Tabai and Xu paid tribute to the development of relations between China and Kiribati since the two nations established diplomatic ties in 1980. The president recalled the pleasure of his 1985 visit to China and the ambassador conveyed to Tabai regards from Chinese President Li Xiannian.

Located in the South Pacific Ocean, Kiribati comprises 33 atolls, in three principal groups, scattered within an area of about 5 million square kilometers. It became an independent republic on July 12, 1979, and has a population of more than 60,000.

Near East & South Asia

Nepalese Delegation Meets With Peng Zhen

OW180856 Beijing XINHUA in English 1617 GMT
17 Mar 88

[Text] Beijing, March 17 (XINHUA)—A delegation from good neighbor Nepal received a warm welcome in Beijing today.

Peng Zhen, chairman of the Standing Committee of the National People's Congress, told the delegation of National Panchayat (Rashitriya Panchayat) led by Chairman Navraj Subedi that the two peoples share a time-honored friendship.

Peng said China pursues an independent foreign policy of peace and holds that relations between all countries, no matter big or small, strong or weak, rich or poor, should be handled on the basis of the five principles of peaceful coexistence.

He praised Nepal's declaration to call itself a peace zone.

Subedi thanked China for its help in Nepal's economic development especially in the construction of highways, water, electricity and industry.

Peng replied that help between friends is reciprocal and Nepal has also given China help. He felt prospects were good for further development in Sino-Nepalese cooperation.

Attending the meeting was Banqen Erdini Qoigyi Gyancan, vice-chairman of the NPC Standing Committee.

Feted at Banquet

OW180922 Beijing XINHUA in English 1707 GMT
17 Mar 88

[Text] Beijing, March 17 (XINHUA)—Nepal's policy of peace, independence and non-alignment won praise today from Banqen Erdini Qoigyi Gyancan, vice-chairman of China's National People's Congress Standing Committee.

At a banquet honoring a delegation of the Nepalese National Panchayat (Rashitriya Panchayat) led by Chairman Navraj Subedi, Banqen said Nepal's foreign policy pledging peace and independence has made positive contributions to peace throughout South Asia.

The vice-chairman said China is one of the first countries to support the proposal for a peace zone in Nepal put forward by King Birendra and will continue to do so.

Subedi said traditional Nepal-China relations have been further substantialized since diplomatic ties were established in 1955.

The exchange of visits between the leaders of the two countries have contributed to the development of friendship and cooperation between the two countries, he said.

Subedi also noted the visits between the two parliaments have further promoted mutual understanding.

He said Nepal has always stood for international peace and harmony.

The delegation is visiting China at the invitation of the NPC Standing Committee.

Prospects for Afghan Solution Viewed

HK180827 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 11, 14 Mar 88 pp 29-30

["Special dispatch" from Geneva by Xiang Kuiguan (0686 11456034) and Li Ruifeng (2621 3843 6912): "Soviet Aggressor Troops Must Not Remain in Afghanistan for Long"]

[Text] Pakistan and the Afghan regime started a new round of indirect talks in the United Nations Building in Geneva on 2 March, and the two sides reached a general consensus on the schedule for the Soviet troops' withdrawal from Afghanistan. This round of talks had not been wound up by 7 March, when this dispatch was filed. The press predicts that this may be the last round of the protracted indirect talks which have lasted more than 5 years, and that this time the two sides will reach an agreement on the solution to the Afghan conflict.

Six years have passed since June 1982, when the indirect talks, presided over by the UN Secretary General's personal representative Diego Cordovez, opened

between Pakistan and Afghanistan. Through protracted talks, the two sides have now reached a consensus on the principle of no mutual interference, the arrangements for international guarantees provided by the United States and the Soviet Union, the repatriation of Afghan refugees, and other issues. But a great divergence of views still remains unsolved between the two sides on the crucial issue concerning the schedule for the Soviet troops' withdrawal. The Soviets have always tried to hang on and refuse to clear out.

The issue concerning the withdrawal of the Soviet troops is the focal point of the current round of indirect talks. There was a substantial change in the Soviet Union's stand before this round of talks opened. Soviet leader Gorbachev announced in early February that if the Geneva indirect talks resulted in the signing of an agreement by 15 March, the Soviet Union would begin to withdraw its troops from Afghanistan on 15 May and complete the whole withdrawal process in 10 months.

It was on the second day of the current round of talks that the Kabul regime accepted the two demands raised by Pakistan, namely, all the Soviet troops must withdraw from Afghanistan in 9 months; and 50 percent of them must withdraw in the first 3 months. So the longstanding major dispute between the two sides over the schedule for the Soviet troops' withdrawal has basically been resolved.

Cordovez is content with the progress that has been made so far in the talks. In his opinion, both sides have shown their political desire and determination to solve the Afghan conflict. Now there are no substantial differences of opinion between the two sides; only a few details have yet to be worked out: For example, whether the Soviet troops remaining in Afghanistan in the last 6 months of the withdrawal period will withdraw group by group or altogether by the deadline for withdrawal; whether the Soviet troops will leave their munitions to the Kabul regime, and so on.

Since the Pakistani and Afghan sides have already reached a consensus in principle on the original four-point peace proposal, it is much more likely that the current round of talks will end with a final agreement on the solution to the Afghan conflict. At present, the major question of common interest is whether Pakistan will sign the agreement.

Pakistan has always refused resolutely to recognize the Kabul regime. It declared that it would sign an agreement only after an interim government enjoying extensive support was set up in Afghanistan. But recently there have been indications of greater flexibility in Pakistan's stand. Zain Nooyani, head of the Pakistani delegation and minister of state for foreign affairs, told reporters on the eve of the current round of talks: The Pakistani Government will consult Parliament before deciding to sign the agreement. He returned to Islamabad on the evening of 4 March and had discussions with

Pakistani Government and Parliament leaders on 5 March. Then he left Islamabad for Geneva again on the evening of 6 March to continue the current round of talks.

The press here agrees that the current round of talks will be decisive and that Pakistan's stand will become clear. It is very likely that an agreement will be concluded by 15 March if no new problem arises.

Interviewed by TRIBUNE DE GENEVE, (Wasid Tarki), representative in Europe of the Islamic National Front, a member of the Islamic Alliance of Afghan Holy Warriors (that is, the seven-party alliance of resistance forces), said that the Geneva agreement will be signed even if no consensus is reached on the establishment of an interim government, because, for all parties, the most important point is the withdrawal of the Soviet troops. He suggested that a meeting to be attended by some 200 Afghans from all circles be held in Geneva or somewhere else after the signing of the Geneva agreement, to discuss the establishment of an interim government in Afghanistan.

Meanwhile, the Geneva special correspondent of the French newspaper LE MONDE predicted that, provided the Soviet Union gives its approval, the Geneva indirect talks will result possibly in a protocol of the final agreement; and this agreement itself may be signed later, after an interim government enjoying extensive support is established in Afghanistan.

Although the press has made many optimistic predictions, Cordovez still remains cool-headed. As he has pointed out, some issues that seem unimportant at present may turn out to be big problems toward the end of the talks, and, anyway, cases like this are quite common in diplomatic negotiations.

Sub-Saharan Africa

Delegation Ends Visit to Mauritius
*OW171412 Beijing XINHUA Domestic Service
in Chinese 0708 GMT 14 Mar 88*

[Text] Port Louis, 13 Mar (XINHUA) — A Chinese Government delegation led by Ji Guobiao, vice minister of Textile Industry, ended its 8-day visit to Mauritius and departed here for home this evening.

During its visit, the Chinese delegation attended celebrations to mark the 20th anniversary of the independence of Mauritius and held talks with its Governor General Ringadoo, Prime Minister Jugnauth, and other leaders. The two sides expressed the hope to further strengthen their friendly cooperation in various fields.

West Europe

Li Xiannian Meets With Norwegian Parliamentarians
OW181226 Beijing XINHUA in English 1203 GMT
18 Mar 88

[Text] Beijing, March 18 (XINHUA)—China is concentrating its efforts on the four modernizations and developing the productive forces, President Li Xiannian told a delegation of Norwegian parliamentarians here today.

China will never forget the cardinal principles of adhering to the socialist road and the leadership role of the Communist Party while building the four modernizations, Li said at a meeting with the delegation led by its president, Jo Benkow.

He said the world economy is an entity. So it's foolish to shut the door to try to engage in construction. "That's why China implements the policy of opening to the outside world."

But it is impossible for China, a big country with a population of one billion, not to have some problems, he said.

The present line China is implementing is in fact the development of the line put forward by the Eighth National Congress of the Chinese Communist Party in 1956, Li said. "I am sure that the present Communist Party Central Committee, the National People's Congress Standing Committee and the State Council have the ability to lead the country well."

During the meeting, which lasted for one hour and a half, Li briefed the visitors on China's revolutionary experiences from the Opium War in the last century to the founding of the People's Republic of China in 1949, as well as China's revolution and construction in the socialist period.

When asked about his views on China's history, Li said China has undergone sufferings and disasters in the course of developing from a feudal society to a socialist society.

In its nearly 40 years of socialist construction, he said, China has mainly made achievements but has also made some mistakes.

Benkow said his delegation's visit to China has been successful.

During the visit, he said, they have learned a lot and found that there is much for other countries to learn from China's experience.

During the meeting Li asked Benkow to convey his greetings to Norway's King Olav V and Prime Minister Gro Harlem Brundtland.

Article Praises Economic Changes in UK
OW180808 Beijing XINHUA in English 1531 GMT
17 Mar 88

[“PEOPLE's DAILY article: Britain Redresses Its Image as Sick Man of Europe” —XINHUA headline]

[Text] Beijing, March 17 (XINHUA)—An article in the PEOPLE's DAILY today said the profound changes in British economy in recent years have helped redress its image as a “Sick man of Europe.”

The signed article said that the British economy has broken out of its long-time doldrums and wrested a 4.8 percent growth in 1987. This figure is higher than the European Community's average of two percent and, for the first time in the post-war period, surpassed Japan's growth rate of 3.9 percent and that of the United States of 3.8 percent.

The fine performance of the British economy is also marked by a gradual decline in its jobless rate which fell to a six-year low of 9.2 percent in January, and a turn for the better in its manufacturing industry which grew by 5.5 percent in the first ten months of 1987 over the same period of the previous year, the article said. It also noted the 8.5 percent wage increase in 1987, the highest among Western nations.

The article attributed the achievements primarily to the economic policies adopted by the government of Margaret Thatcher, including the monetarist policy, free management and tax reform, as well as the development of high-tech industries.

Domestically, it said, the government has eased government controls on business and given full scope to market mechanism. In addition, Britain took the lead among Western nations in introducing privatization of state enterprises, thus reducing government outlays and raising economic efficiency.

Internationally, it has lifted the 40-year-old controls on foreign currency and set the pound afloat, whereby to create favorable conditions for British competition on the world market and an economic rejuvenation at home.

Readjustment in industrial structure and the development of high-technology industry have also contributed to the fine performance of the British economy, the article said.

Statistics show that the growth rate of Britain's high-tech industries averaged 18 percent annually over the past three years, with new products making up 45 percent of all marketed products. The development of high-tech industries has sped up reforms in traditional industries which, in turn, have boosted labor productivity, thus ranking Britain as one of the front runners in this respect among Western countries.

The article also pointed to the concerns among some economists that the British economy has overreached itself. Consumption stimulus, currently the main source of Britain's economic growth, may lead to a swelling of banking credits which would revive inflation, they said.

To restrain inflation, the government may have to resort to high interest rates which, the economists warned, would dampen domestic investments. Besides, the fast growth in wages and growing production cost would weaken the competitiveness of British products in [the] international market.

Legal Agreement To Boost Trade with UK

HK180220 Beijing CHINA DAILY in English
18 Mar 88 p 2

[By staff reporter Tian Ying]

[Text] China and Britain are developing links in the field of economic legislation to obtain a clearer understanding of each other and push bilateral trade to a new level, Gu Ming, president of the Research Centre of Economic Laws under the State Council, told CHINA DAILY yesterday.

The British Law Association has agreed to help China train 10 lawyers a year in the study of Britain's economic laws and regulations, he said.

According to an agreement between law organizations in the two countries, representatives of lawyers from both sides will gather in Beijing in April to discuss problems in economic co-operation between them.

Britain has also decided to send representatives to China to study the country's economic laws and regulations. The agreements were reached between the two countries earlier this year when a Chinese economic law delegation visited Britain.

Headed by Gu Ming, the six member delegation contacted 29 government departments, companies and financial and law organizations during its two-week visit to Britain.

Gu told his British counterparts of China's achievements in the development of economic legislation over the past nine years. He also explained China's exterior economic laws and regulations to increase Britain's faith in China's open policy.

Gu said China had passed more than 200 foreign-related economic laws and statutes since 1979 when it began to open to the outside world.

These laws and regulations have been proved successful. By the end of last year, foreign businessmen from 37 countries and regions had had invested in China. The country had approved more than 10,000 foreign-funded

enterprises, including more than 4,600 joint ventures, 5,190 with co-operative management and 138 owned solely by foreign businessmen.

Gu said British counterparts appreciated the achievements China has made in economic legislation and highly praised China's patent law which has attracted more than 50,000 applications from both China and abroad in the last two and a half years.

Britain is one of the world's financial centres, its invisible trade, including insurance, banking and stock market business, ranks top in the world [sentence as published]. Foreign trade is a cornerstone of the country's economy and its income from exports accounts for about one-third of its gross national product.

Britain is China's most important trade partner in Europe. The two countries have also made joint efforts in technical exchanges involving the petroleum industry, port construction, food processing and chemical, textile, machinery and light industries.

The British government has also granted a 300 million pound loan to China. More than 200 million of it has already been used. The government has promised to offer the second loan when the first is used up.

Gu said China, with trade and economic co-operative partners mainly from Hong Kong, the United States and Japan, will place emphasis on developing cooperation with Europe and other developed countries.

Memorandum Signed With British Royal Society

OW180558 Beijing XINHUA in English 1726 GMT
17 Mar 88

[Text] Beijing, March 17 (XINHUA)—The State Natural Science Foundation of China and the British Royal Society have signed a memorandum of understanding for cooperation and exchange in primary sciences here today.

Earlier, the British Royal Society had already established cooperative relations with four Chinese scientific and technological organizations.

Wu Xueqian Cited on French Ties; Spratly Islands

OW171825 Beijing International Service
in Mandarin 0900 GMT 17 Mar 88

[Text] Before leaving Paris for home on 16 March, Wu Xueqian, state councillor and minister of foreign affairs, told the press that Sino-French relations are fine, and that there is great potential for friendly cooperation between the two countries.

He said China has decided to develop an export-oriented coastal economic zone 320,000 square kilometers in size. He expressed the hope that French entrepreneurs will invest there.

Answering French reporters' questions on the Nansha [Spratly] Islands, Foreign Minister Wu denounced Vietnam's provocations. He also answered questions concerning Cambodia and China's Tibet.

Foreign Minister Wu arrived in Paris on 15 March. While there, he had talks with French Foreign Minister Raimond.

Wu Xueqian had a 6-day visit in Britain prior to arriving in Paris.

Zhang Jingfu Meets W. German Company President
OW180006 Beijing XINHUA in English 1435 GMT 17 Mar 88

[Text] Beijing, March 17 (XINHUA)—Chinese State Councillor Zhang Jingfu today extended his congratulations on the progress of the cooperation between the Daimler-Benz AG of Federal Germany and China North Industries Corporation.

At a meeting with Michael Bassermann, president of the Daimler-Benz AG, and his party, Zhang expressed the hope that the two sides would conduct long-term cooperation.

Later Zhang hosted a dinner in honor of his guests.

Bassermann and his party arrived here on March 14 and have held negotiations with representatives of China North Industries Corporation on the transfer of heavy-duty truck technology.

Jiang Zemin Leads Amity Delegation to Europe
OW171302 Shanghai City Service in Mandarin 2300 GMT 13 Mar 88

[Text] At the invitations of the mayors of Goteborg, Rotterdam, and Antwerp, and the British Government, a Shanghai municipal friendship delegation led by Mayor Jiang Zemin is to visit Sweden, the Netherlands, Belgium, and Britain from mid to late March.

When the delegation left Shanghai on the afternoon of 13 March, it was seen off at the train station by Li Zhaoji, vice mayor, and (Li Shunshan), deputy director of the municipal foreign affairs office, as well as (Morton), Belgian consul general in Shanghai, (Adrain), British consul general in Shanghai, and (Comtain), representative of the Netherlands' Rotterdam Chamber of Commerce in Shanghai.

Li Peng Speech at Science Conference 10 Mar
OW180530 Beijing XINHUA Domestic Service
in Chinese 1146 GMT 12 Mar 88

[Text] Beijing, 12 Mar (XINHUA)—Make Full Use of Favorable Conditions in Science and Technology To Contribute More to Economic Construction

A speech at a National Conference on Science and Technology

[by] Li Peng

(10 March 1988)

This National Conference on Science and Technology is another important meeting in scientific and technological circles following the 1985 National Conference on Science and Technology. This conference will certainly play an important role in implementing the guidelines of the 13th party congress, accelerating and deepening reform, promoting the combination of science and technology with economic development, and bringing about the technological progress of the national economy. In the following, I will discuss several views on how to make full use of favorable conditions in science and technology to contribute more to economic construction.

1. The Strategic Significance of Scientific and Technological Progress [subhead]

The 13th party congress called for giving first priority to developing science and technology in the strategy for economic development. This correct policy decision was made according to the actual conditions in the world economy as well as in scientific and technological development after taking the whole cause of socialist modernization into account. We are now in a period in which new technology is developing rapidly. Scientific and technological progress (including modern management) determines the level of productive forces and their growth rate. In an open and competitive international environment, our productive forces just cannot develop rapidly without scientific and technological progress. In that case, our country will lag further and further behind developed countries, and it will not be able to stand on its own feet among the nations of the world. We are undertaking the modernization drive while being rather poor economically and rather backward technologically. Our country has a large population but a poor foundation to start with, and its per capita natural resources are relatively inadequate. Per-unit energy consumption and the consumption of raw and semifinished materials in our GNP are much higher than those in developed countries, and we lag far behind the developed countries in labor productivity, the rate of increase in fixed assets, the per capita portion of the gross national product, and the proportion of total export volume in the GNP. This shows that we waste a lot but have a great potential for

production. Only by relying on scientific and technological progress, including advanced scientific management, will we be able to improve considerably our economic results, increase our production, and change our poverty and backwardness at a faster pace. We are indeed facing a serious challenge. People across the country, especially all scientists and technicians, should understand clearly the strategic position of scientific and technological progress in carrying out the arduous task of the four modernizations in our country and enhance their sense of urgency in this regard.

It is urgent and entirely possible to make quicker scientific and technological progress in our country. Since the 3d Plenary Session of the CPC's 11th Central Committee, we have upheld the four cardinal principles and implemented persistently the policies of reform and opening to the outside world. As a result, we have developed our national economy steadily, made achievements attracting the attention of the world, accumulated valuable experiences, increased international scientific and technological exchanges, and introduced advanced technologies and managerial experiences from abroad. This has laid a sound foundation for the further promotion of scientific and technological progress. We also have favorable conditions for making quicker scientific and technological progress. Our country has more than 8 million scientists and technicians, over 3 million of whom are of senior or middle rank. We have a fairly good scientific and technological foundation in every sector of the national economy, even in some of the newer scientific and technological fields. In some fields of research, we have approached or reached advanced world levels. Facts show that so long as we are determined to concentrate on a project and to act according to scientific laws, we can bring into full play our abilities to explore and tackle difficult scientific and technological problems. Our scientific and technological strength is stronger than that in other developing countries. It should be pointed out, however, that many of these favorable conditions have yet to be put to full use because of systems and some policies. When such problems are solved properly, we will be able to bring the favorable conditions and potential of our scientists and technicians into full play. Then, our scientific and technological undertakings will develop more rapidly, and bigger strides will be made in economic construction.

Comrade Zhao Ziyang recently proposed a strategy for the economic development of coastal areas, which was discussed and decided by the party Central Committee. And the State Council made arrangements for its implementation. This is a matter of great significance for the economic development of our country. Our scientific and technological work should serve the strategy for the economic development of the coastal areas. Now there is a tendency toward readjustment in the international economic structure, which provides a favorable condition for our country to participate in the great international community. We should seize this good opportunity to combine favorable conditions in science and

technology with those in the labor force of the coastal areas as well as with those in the flexible system of village and town enterprises. In addition, coastal areas have quicker access to information and better transport services in their connection to foreign countries. Vigorous efforts should be made to develop labor-intensive industries as well as industries that are both labor- and knowledge-intensive in the coastal areas in order to make it possible for these areas to participate in international exchanges first. By so doing, we will be able not only to accelerate the economic development of the coastal areas but to bring about the economic development of inland areas and the improvement of their economic results by introducing advanced technologies and managerial experiences gained by the coastal areas in developing an export-oriented economy.

2. Accelerate and Deepen the Reform of the System of Science and Technology Management [subhead]

Science and technology should be geared further to the needs of economic construction, and economic construction should rely more on scientific and technological progress. Both cannot be done without the deepening of reform. The central question in the reform of the system of science and technology management is how to integrate science and technology closely with economic construction. We understand that social and economic needs constitute a strong driving force for the development of science and technology. Only by integrating themselves closely with the economy will science and technology be able to show fully their value and functions. Only by so doing will science and technology be able to develop rapidly. With the deepening of economic restructuring and the reform of the system of science and technology management, the situation in which science and technology are out of line with the economy, and vice versa, has been changed to a certain extent. However, the question of building a mechanism for the close integration of science and technology with the economy has yet to be solved. Guided by the basic line for the initial stage of socialism and proceeding from the central task of developing our productive forces, we must accelerate the pace of reform and gradually institute a new system suited to the commodity economy and integrating science and technology closely with the economy.

In order to accelerate the reform of the scientific and technological management system, we must pay attention to the key factor of mechanism changes. We should also implement the contracted managerial responsibility system on a trial basis in scientific research organizations, introduce the competition mechanism and the market mechanism into scientific and technological work, and subject those organizations to the law of survival of the fittest. We should further practice the fund system, the open bidding system, and the technological contract system for scientific research projects and continue to promote the development of the technological market. Technological development should be aimed at commodity production and be switched truly

onto the track of serving the development of a commodity economy, with its results tested in market competition. With these mechanism changes, we should link the actual interests of scientific research organizations, scientists, and technicians with the economic returns and social benefits produced by them. This would give them more incentives, as well as more pressure, to work for economic construction, and fundamentally overcome the malpractice of "everybody eating from the same big pot" in scientific and technological work. We should pay sufficient attention to basic and high-tech research, as they are important parts of scientific research, having a bearing on long-range scientific and technological development. However, we should also introduce the competition mechanism and make research projects meet specific needs or future market demand. At the same time, we should replenish and exchange specialized personnel constantly and keep a highly-trained and capable research force.

In the last few years, a number of nongovernmental scientific and technological organizations and enterprises have emerged. They raise their own capital, operate independently, assume sole responsibility for their profits and losses, develop new products according to market demand, integrate technology, industry, and trade, hire the best personnel, and link wages with economic results. Their emergence has begun to change the government monopoly on scientific research and speeded up the utilization of scientific research results into the productive forces. At the same time, they have given many entrepreneurs and industrialists who know both technology and management an opportunity to show their talents. They have also provided a useful experience in how to invigorate the state-run scientific research organizations. Many of our major scientific research institutes, colleges and large and medium-sized enterprises still have a large number of surplus scientists and technicians. To encourage and organize the surplus personnel to run technology-intensive enterprises or work for nongovernmental scientific and technological organizations should become an important part of the effort to deepen the reform of the scientific and technological management system and an important way to make full use of our favorable conditions in science and technology. At the same time, we may also adopt other practices of integrating scientific research with economy, such as allowing scientific research organizations to do research and development projects for enterprises, forming associations of scientific research organizations and enterprises with the former contributing scientific research achievements, and establishing technology-industry-trade and technology-agriculture-trade associations in which science and technology play a dominant role.

Of course, in order to establish a new system under which science and technology are integrated with economy, it won't work to rely on reforming the scientific and technological management system alone; we must also deepen the reform of the economic structure. In the

course of reforming the economic system, enterprises must make the reliance on scientific and technological progress an important responsibility while they practice the contracted managerial responsibility system. In short, we should, in the course of accelerating and deepening reforms, gradually build an economic structure that relies on scientific and technological progress, establish a scientific and technological management system geared to the needs of economic development, and make full use of our scientific and technological capability in economic construction and social development.

3. It Is Necessary To Make Scientists and Technicians Play Their Role Fully [subhead]

In order to make scientific and technological work contribute more to economic construction, we must bring into full play the initiative and creativity of scientists and technicians. Scientists and technicians shoulder the heavy responsibility of tackling difficult scientific and technological problems and transforming scientific and technological achievements into productive forces. The scientific and technological personnel in industrial and mining enterprises are an important force, playing an important role in ensuring normal enterprise operation, improving quality of products, developing new products, lowering consumption, adopting new technology, and making innovations and inventions. In the past years, the vast number of scientists and technicians have done a great deal of work and made remarkable achievements in various fields. The party and the people thank them. History proves that scientists and technicians can make great accomplishments only when they link their undertakings with the destiny of the country and the people. I hope that you comrades will continue to work hard, take part in economic development with a high degree of sense of responsibility and devotion, make contributions, and give full play to your abilities.

We should conscientiously create a political environment of democracy and unity, continue to advocate the common practice of "respecting knowledge and talented people" and enable intellectuals to work with peace of mind. We should continue to relax controls on scientific and technological personnel and encourage them to go to work where they are needed if they cannot use their abilities in their present organizations. We should permit them to hold second jobs. Scientists and technicians have the duty to teach scientific and technological knowledge to workers, peasants and other working people and raise their educational level. The scientific and technological workers in the field of economic construction should strengthen their unity with workers and peasants, learn from the latter's experience, and test their scientific and technological achievements in the course of practical production.

In the last few years, the state has made certain efforts to improve the working and living conditions of scientific and technological personnel despite a strained financial situation, and it will continue the efforts henceforth.

However, generally speaking, the intellectuals' wages can be improved gradually only after the reform is deepened and production is developed. At the same time, we will adopt more flexible policies to encourage scientists and technicians to tap potential and expand their service to the society. We should enable scientists and technicians to improve their own working and living conditions while they produce economic results and social benefits.

4. It Is Necessary To Strengthen Leadership and Support for Scientific and Technological Work (subhead)

To promote scientific and technological progress is not the task of the scientific and technological department alone. It is also an important task of the governments at all levels. Governments at all levels must conscientiously regard the scientific and technological work as the most important item of the economic development strategy, pay full attention to integrating science and technology with economy, and create favorable environment and conditions for the integration. Governments at all levels, all trades and professions, enterprises and rural areas should gradually increase their investment in scientific and technological progress. Banks and other banking facilities should support them actively to promote the transformation of scientific and technological achievements into new productive forces and commodities and accelerate economic development. Economically underdeveloped regions should adopt effective measures and policies to attract specialized personnel from other regions and train local scientific and technological personnel, and give full play to their role. We should pay particular attention to training a number of entrepreneurs who know both technology and management, because such entrepreneurs are organizers of new productive forces. To attract and train such entrepreneurs is an important prerequisite for economic development in the provinces, municipalities and autonomous regions. Leading comrades at all levels should learn scientific and technological knowledge enthusiastically, familiarize themselves with the situation of local scientific and technological work, and take the lead in promoting science and technology. Only in this way, can they gain the initiative in leading the overall work.

Comrades! With the joint efforts made by the scientific and technological circle and the economic circle under the leadership of the party Central Committee, China's scientists and technicians surely can make even greater contributions to attaining the grand strategic objectives put forward by the 13th National Party Congress!

Yan Mingfu Lauds New CPPCC Membership
OW180837 Beijing XINHUA Domestic Service
in Chinese 0838 GMT 6 Mar 88

[By reporters Zou Aiguo and Zhang Sutang]

[Text] Beijing, 6 Mar (XINHUA)—The 17th Standing Committee meeting of the 6th CPPCC National Committee adopted the namelist of 2,081 members of the

Seventh CPPCC National Committee today. Yan Mingfu, member of the Secretariat and director of the United Front Work Department of the CPC Central Committee, told XINHUA reporters that the composition of the Seventh CPPCC National Committee reflects a new development of China's democratic life and embodies the spirit of great solidarity and unification.

Yan Mingfu said: The namelist was put forward after more than 6 months of repeated consultations and overall balancing by the CPC Central Committee, the party committees of all provinces, autonomous regions and municipalities, central committees of all democratic parties and various mass organizations.

He said: The new committee membership of 2,081 is 42 members larger than the membership of the Sixth CPPCC National Committee at the time of its first session. Of the new membership, 1,261, or 60.7 percent, are members of the current committee; 820, or 39.3 percent, are new members; 832, or 39.8 percent, are CPC members; 1,249, or 60.2 percent, are either members of democratic parties or non-CPC personages from various circles; and 701, or 33.7 percent, are members of democratic parties.

Yan Mingfu said: The People's Political Consultative Conference is the most comprehensive patriotic united front organization in China and it is an important form of socialist democracy in the political life of our country. In order to enable the Seventh CPPCC National Committee to fully play its role in the great undertaking of building socialism with Chinese characteristics, the CPC Central Committee, the democratic parties and the mass organizations concerned, after repeated consultations, jointly set the principle for nominating the candidates for the new CPPCC National Committee membership. According to the principle, the total number of members in the Seventh CPPCC National Committee should be about the same as that in the Sixth CPPCC National Committee at the time of its first session, and the new committee should continue to represent the 31 trades and professions as the Sixth CPPCC National Committee has done. He said: The basic principle for arranging the membership of the Seventh CPPCC National Committee is one of overall planning, consideration and arrangements. The Seventh CPPCC National Committee is composed in the light of the character and tasks of the People's Political Consultative Conference; in consideration of the situation inside and outside the party, nationalities, geographic distribution, trades and professions, sex, age and personal history; and in the interest of bringing into play the positive factors in all quarters, consolidating and promoting stability and unity, carrying out reforms and opening to the outside world, establishing socialist democracy, and promoting the reunification of the motherland.

He said analytically: The new members in the Seventh CPPCC National Committee are mainly leading members of democratic parties, representatives of minority

nationalities and religions, representatives of intellectuals who made outstanding contributions in the course of reform, opening to the outside world and building the two civilizations, personages who have influence on Taiwan, Hong Kong and Macao, Overseas Chinese compatriots of great influence who support the reunification of the motherland, old comrades of our party who are suitable for the CPPCC work, and representatives of other circles. He regarded the membership of the Seventh CPPCC National Committee as having four special features:

—It embodies the guidelines of the 13th CPC National Congress. Of the 2,081 members of the Seventh CPPCC National Committee, the average age of the 820 new members is under 60 and the average of the total membership is lower than the average age of the members of the Sixth CPPCC National Committee at the time of its first session. Of the total membership, 625, or 30 percent, are younger than 60 years of age while only 360 members of the Sixth CPPCC National Committee at the time of its first session were under 60 years of age. This shows that our cause is thriving and there is no lack of successors to carry on the cause.

—It further strengthens the position of the democratic parties in the People's Political Consultative Conference. The multiparty cooperation under the CPC leadership is an important feature and advantage of our political system. The democratic parties are playing an important role in China's political life, and this fact is shown by the membership composition of the Seventh CPPCC National Committee. According to statistics, 701 or 33.7 percent of the 2,081 members are members of democratic parties, showing an increase of 72 members, or more than 10 percent, over the 629 democratic party members in the Sixth CPPCC National Committee at the time of its first session. The Kuomintang Revolutionary Committee, the China Democratic League and the China Democratic National Construction Association each has 50 members in the Sixth CPPCC National Committee, and each of them will have 60 members in the Seventh CPPCC National Committee. The number of members in the new committee will increase from 25 to 30 each for the China Association for Promoting Democracy, the Chinese Peasants and Workers Democratic Party and the Jiusan Society. The Chinese Zhi Gong Dang and the Taiwan Democratic Self-Government Leagues will each increase the number of their members in the new committee from 12 to 20.

—The representation of the NPC deputies has become even more comprehensive. The number of deputies from among the women, the minority nationalities, the religious circles, the Hong Kong and Macao compatriots and other fields to the Seventh National CPPCC Committee has increased. The number of women deputies to the Seventh National CPPCC Committee is 288, an increase of more than 30 from the Sixth National CPPCC Committee; the number of minority nationality

deputies is 222, an increase of 46; the number of deputies in religious circles is 62, an increase of 17; and the number of Hong Kong and Macao deputies is 67, an increase of 23. In addition, there are also deputies representing Overseas Chinese; the Chinese-foreign joint ventures, cooperative enterprises and enterprises run exclusively with foreign investment; the private sector of the economy; and family members of the people of the upper class in Taiwan.

— The geographical distribution of the deputies has become even more rational. Our country is a vast one. In electing deputies to the National CPPCC Committee, we must give consideration to all areas. In working out the namelist for deputies to the Seventh National CPC Committee, we have reduced sufficiently the number of deputies in areas where the number of deputies to the Sixth National CPPCC Committee was comparatively large and increased sufficiently the number of deputies in provinces and cities where the number of deputies to the Sixth National CPPCC Committee was comparatively small.

Yan Mingfu said: During the new historical period, groups of new representative personages are emerging from all fronts and in all spheres. Limited by the scale of the CPPCC, we are unable to include all the representative figures or those who have made outstanding contributions in the CPPCC membership. Nor can we possibly satisfy the needs of all quarters in nominating their representatives. I think everyone understands this point.

In conclusion, Yan Mingfu pointed out: Here, I must be sure to mention that more than 600 comrades and friends who were deputies to the Sixth National CPPCC Committee are no longer deputies to the Seventh National CPPCC Committee. A few of them were not elected because of changes in their work. Most of them were not elected due to their advanced age or health problems. Among them are long-tested veteran comrades of our party. Some of them are old friends who have cooperated closely with our party over a protracted period, while others are well-known experts and scholars at home and abroad. For a long time they have shown warm enthusiasm in building the motherland and providing consultations in state affairs, imparted their rich political experience and outstanding professional knowledge, displayed their lofty sense of responsibility to the cause of the people, and offered their own contributions to enhancing the prosperity and promoting the reunification of the motherland and to consolidating and expanding the united front. Although they are no longer CPPCC deputies, their influence and prestige remain the same. They still enjoy the people's respect. They will continue to make new contributions to promoting China's political activities, to expanding the patriotic united front, and to developing the socialist modernization program and the cause of reunification of the motherland. The party and the people will never forget their contributions.

Article Analyzes Population Situation

HK171420 Beijing GUANGMING RIBAO in Chinese
6 Mar 88 p 2

[Article by reporter Liu Jingzhi (0491 2417 2535): "Experts Concerned Are Not Optimistic About China's Population Situation, and Think That Interference by Officials Is an Important Reason Why Birth Rate Has Risen Again"]

[Text] What is the present situation in China, nearly 10 years after the formulation and implementation of the policy on strict control over population? The situation is by no means optimistic, as pointed out by some experts who have made a macroscopic forecast of China's population development trend and have been consulted about the country's policy on population control. Of course, the causes for this situation are manifold. But it is true that the reform of the decisionmaking structure has been going on slowly and, in some places, the decisionmaking process still has to submit to the officers' will. This is another important reason why the macroscopic control over population growth has almost failed in recent years.

In the 1950's, an incorrect population policy led to a drastic growth of population in China. The anarchic state during the 10 years of turmoil brought about the country's second population explosion.

The two population explosions have had a far-reaching influence on China's economic development. They added to the heavy financial burden of the country—the increment in the GNP was basically offset by the drastically increasing population. As a result, the people's livelihood has always remained at a low level.

How to bring the fertility rate under control, keep the population around an appropriate level, and coordinate the population growth with economic development has become an important matter which affects the making of policy on the national economy and the people's livelihood. In 1978, a research group under the guidance of Comrade Song Jian, in cooperation with the State Family Planning Commission and the Ministry of Public Security, applied cybernetics, systems engineering, and computer technology to an extensive and thorough study of the population development process. In 1979, for the first time the research group published a long-term forecast of the future population development of the country. After that, it published regional population forecasts for more than 20 provinces, municipalities, and autonomous regions, thus providing the party and government with a scientific basis for the formulation of the population policy and plan.

The efforts of the research group resulted in an important conclusion: To extricate itself from the predicament regarding the population issue, China must pursue a population policy of one child for one couple which has to be upheld at least until the early 21st century.

The experts concerned noted: Nobody can deny that bearing only one child is not necessarily the optimal choice to some couples. But, from a macroscopic point of view, we must implement this policy as we are facing a very serious situation regarding the population issue. The Chinese people will accept this policy in the interests of the whole country and for the sake of their own benefits and the well-being of their descendants. Conspicuous results were critiqued in the family planning work from 1979 to 1984 as this policy was strictly implemented.

Of course, in implementing this policy, we had to overcome some difficulties, even some great difficulties, especially in rural areas. This was on the one hand due to some social and ideological factors and, on the other, to the fact that there are not sufficient measures supporting the policy.

According to the experts' analysis, 80 percent of China's population live in rural areas, and the overwhelming majority of this sector of the population are mainly engaged in family-run business based on the contracted management system. There is no doubt that the implementation of the output-related system of contracted responsibility after the 3d Plenary Session of the 11th CPC Central Committee has played an important part in boosting the rural economy and promoting rural China's development. But this mode of production which takes family contracted operation as the key link needs male labor. Without enough manpower, this small-production business cannot survive any longer. It is obvious that this phenomenon as a by-product of the output-related system of contracted responsibility does not conform with the goal of population control through family planning. We need badly an auxiliary policy to overcome this contradiction, so that people will readily accept the population policy of one child per couple, with the output-related system of contracted responsibility playing its due role.

The experts said they were surprised to find that the worrying factor was the existing policy-making structure. Now that the policy of one child for one couple has been adopted as a national policy, normally it should not be affected by any personnel change in the government. It is much to be regretted that this is not the case. It is quite baffling that a breach of this policy which is of far-reaching significance to the national economy and the people's livelihood was made at the upper level, and, what is more, it was made regardless of the objection by some demographers. What a significant role the interference of officials can play! This breach of policy has resulted not only in the birth of a second child to many families but the birth of multiple children to families in many rural areas. So population is almost out of control again. The birth rate in 1985 was higher than that in 1984. It rose still more remarkably to 20.8 percent [as published] in 1986, and the natural population growth rate reached 14.08 per thousand. The arrival of the boom period of

population growth was undoubtedly a factor contributing to the rise in the birth rate but certainly not the major one. After quantitative evaluation, the experts specialized in the field found that in 1986 the extra population growth totaled 3.35 million, of which the increase in population due to the change in the age structure would not exceed 600,000. The rest of the population, totaling more than 2 million, should be attributed completely to breaching the family planning policy. Whoever fails to attach enough importance to the rules of science will have to suffer for it. And the latent effect of this policy breach will be more obvious by the turn of the century.

Some demographers are worried that China's population could possibly exceed 1.3 billion by the turn of the century if the current situation in which population growth is almost out of control continues. On the other hand, the area of arable land is now diminishing at a rate of 5 percent per year and will decrease to less than 1.5 billion mu by the turn of the century. The per capita arable land area will then be a little more than 1 mu, while the country's total grain output will reach 1,100 billion jin at most. Therefore, it will be impossible for China to fulfill the target of a per capita grain output of nearly 1,000 jin by the turn of the century, if no measures are taken to keep population growth under strict control.

As far as population control is concerned, China is still in a crisis!

Surveys Conducted on Ethnic Minority Groups

HK181406 Beijing GUANGMING RIBAO in Chinese
21 Feb 88 p 1

[Report by Fu Fuyuan (4569 4395 3220): "China Conducts a Series of Surveys on Ethnic Minority Groups To Provide Scientific Data for Its Population Policy"]

[Text] A basic survey on China's population conditions, which represents a series of surveys on China's ethnic minority groups, is being conducted in a planned way under the auspices of the China Population Information Center. It will provide scientific data for China to work out different population and economic development policies in light of various nationality conditions.

In the past, China did not have comprehensive, systematic data on the population conditions of ethnic minority groups. The series of surveys on China's ethnic minority groups, which was started in 1984, is an on-the-spot survey of one ethnic minority group after another. Not only are the present conditions surveyed but retrospective surveys are also conducted by various means, such as looking up written data and holding discussion meetings with old people. So far, surveys of 10 ethnic minority groups like the Uygur, Dai, Tujia, Gelao, Jingpo, Bai, Jinuo, Korea, and Mogolian peoples have already been completed, with six investigative reports on five ethnic minority groups published already and detailed data on three compiled already into the "China Family Planning Yearbook."

The China Population Information Center, which is in charge of this survey, is a population information research institute under the leadership of the State Family Planning Commission. Since its establishment in May 1980, it has completed many major specialized studies, such as the collection, analyses, and studies of the results of the "Sample Survey on a Birth Rate of 0.1 Percent," which is considered a major basis for China's population data, the "Study Report on China's Population Development Trend," "Changes in the Structure of China's Women of Child-Bearing and High Child-Bearing Age From 1985 to 2000," and "China's Population Issue and the Question of Overall Arrangements and Comprehensive Administration." It has done a lot of work for the formulation of our population policy and planning. In 1984, the China Population Information Center officially joined the population information networks organized by the United Nations. As a member of the population information network in the Asia and Pacific Region, it is involved in information exchanges with over 160 institutes in over 20 countries and regions. Armed with a data bank on China's population, it has become the country's largest population information research institute with the richest data. Together with the population information centers or research institutes set up in recent years in Sichuan, Liaoning, Tianjin, Guangdong, Shaanxi, Shanghai, Jiangsu, Harbin, and other provinces, municipalities, and cities, it has developed China's Population Information Network consisting of 29 member institutes. Thus it is able to offer more effective services to China's population and family planning undertakings.

Minority Youth Cadre Training Program Begins
HK180222 Beijing CHINA DAILY in English
18 Mar 88 p 1

[Text] CD [CHINA DAILY] NEWS—The unity of all Chinese nationalities should be strengthened to fight factionalism, said Bainqen Eudini Qoigy Gyaincain (Panchen Lama), vice-chairman of the National People's Congress (NPC) Standing Committee at yesterday's opening ceremony of the Minority Youth Cadres Training Programme.

Co-sponsored by the State Nationalities Affairs Commission (SNAC) and the Youth League School of the Central Committee, the programme aims to foster qualified cadres for minority areas.

Ulanhu, also a vice-chairman of the NPC Standing Committee, wrote to the ceremony, expressing his good wishes.

Some 200 trainees are from six minorities in the Inner Mongolian Autonomous Region, the Tibet Autonomous Region, Sichuan, Qinghai, Gansu, Liaoning, Yunnan provinces and Xinjiang Uygur Autonomous Region, with Mongolian and Tibetan minorities accounting for 48 percent and 45 percent respectively.

During their three-month study period, the trainees will be given lectures on State minority policies and Youth League theories.

GUANGMING RIBAO Views Political Democracy
HK181046 Beijing GUANGMING RIBAO in Chinese
15 Feb 88 p 3

[Article by Kong Lingdong (1313 0109 2767): "Several Theoretical Questions Concerning Political Democracy During the Initial Stage of Socialism"]

[Text] As a state system, democracy and autocracy are not merely forms taken by the ruling class to exercise its rule. Fundamentally speaking, the relationship between democracy and autocracy is a social relationship portraying the balance of forces, that is, the balance of state and social forces, the former being above the latter. A ruling class, no matter what its nature, cannot decide on a state form as it likes. As a force above society, the state always has the tendency to be divorced from and to rule the entire society. If society can control its own state, the state form will give expression to the democratic system; if society cannot control the state but is instead controlled by the state, the state form will manifest itself in the autocratic system. In other words, democracy means that society can control its state organs and autocracy means that the state controls society. Society's control over the state referred to here does not mean that the entire society is exercising control over the state but that a certain class, that is, the ruling class, is exercising control over the state. This class can exercise control over the state because it has gained a dominant position in the economic field and formed a group in the political field. Democracy that is formed in a state controlled by a certain social class is very imperfect, and this state is a tool one class uses to rule and suppress other classes. Democracy under the slave system and bourgeois democracy are examples of such democracy.

Democracy required by socialism is genuine and perfect socialist democracy under which the entire society and social members administer the state and participate in state political activities, instead of a small number of people being allowed to control the state. During the present stage in China, however, for various reasons, the political system still has many shortcomings, which have manifested themselves in the fact that powers are more concentrated, the people are unable to exercise effective supervision and control over state organs and their working personnel, some "social servants" have become masters of the masses, and the people's rights and interests cannot be displayed fully under state administration by the people. Eliminating these shortcomings is a fundamental task in China's political structural reform.

According to Marxist theory, the superstructure of a society is determined by its economic base, and socialist society is no exception. Under China's traditional structure, the state is not only the superstructure but also a

huge economic entity that concentrates all economic powers in its hands. Under this structure, producers can combine with the means of production only through the state. Therefore producers have to rely on the state economically. This relationship determines their political position.

For a long time the state has been in the habit of organizing and managing the economic life of the entire society under a pyramid-type structure, according to the division of administrative regions, and by issuing orders to and demanding subordination from the lower levels. Large-scale socialized production and lateral economic combination required by the commodity economy are cut apart by this vertical relationship of administrative subordination. The serious separation of departments from regions has induced in society a situation of separate administrative blocs. The characteristic of the natural economy of "being large in size and all-embracing in nature" or otherwise "being small in size but all-embracing in nature" has turned all economic units into small, self-contained societies. This economic structure hampers producers from forming a direct relationship between each other and from forming a uniform social force. Under this traditional structure, therefore, producers cannot become an organized force exercising effective supervision and control over state organs and their working personnel. Under such circumstances, state powers can allocate everything and state organs can meddle in and control any social sphere they like. This is where the basis of the political system characterized by imperfect democracy and overconcentration of powers lies.

During the initial stage of socialism, people in China regard the influence of feudal ideology as one of the biggest obstacles to modernization and democratization. However, they generally focus their attention on the impact of the prolonged feudal tradition when tracing the root cause of the influence of feudal ideology. It is true that China's socialist society was born almost directly out of the prolonged feudal rule, which left a heavy feudal spiritual yoke on us, and that the country has long been under the influence of the concept of the elite and the lowly, the concept of hierarchy, the concept of patriarchal society, the concept of appendage, and bureaucratism. However, it would be one-sided to regard these influences merely as something remaining from feudal society. The influence of feudalism at present is not only something remaining from old traditions, but to a large extent it has stemmed from the widespread existence of small-scale production and its management methods.

Once, many people thought that production could be socialized so long as the means of production were put under public ownership. As a matter of fact, putting the means of production under public ownership cannot change the nature of the productive forces. Small implements will not become large machinery because of the

exercising of public ownership. Putting small-scale production under public ownership and collective management hampers the decentralization of small producers, the development of work division in society, and the formation of commodity economic relationships. What is even worse is that this practice has forced small producers to rely on a common entity. The imperfect democratic system in the political field and the influence of feudalism in the ideological field have, to a large extent, arisen from this relationship.

To perfect socialist democracy and eliminate the old political structure, people's political concepts should be reformed. As China does not have a democratic tradition, an enlightenment movement on democratic ideas is of particular importance to the country and will remain a long-term and arduous task during the initial stage of socialism. In this connection, particular attention should be paid to breaking the traditional concept that a socialist country is naturally a country in which the people are the masters and is naturally a country that represents the interests of the people. If this were true, there would not have been the need to supervise and control state organs. The people should be made to understand that there are contradictions between the state and society, that it is important and necessary to prevent "social servants" from becoming "social masters," and that prominence should be given to freedom of ideology, freedom of speech, and freedom of learning. This is of great importance to theoretical work as well as to improving the people's mentality of participation in administration and to promoting the socialization of politics. Without the development of political theory, success will not be attained in political structural reform; and without improving the people's mentality of participation in administration, the democratization of politics will be impossible.

The legal system serves as a guarantee for democracy, so perfecting the legal system is indispensable to the formation of the system of democracy. Only by strengthening the legal system, can democracy be maintained on a long-term basis. The legal system helps consolidate the achievements in the course of the formation of the democratic system. It also restricts and punishes activities undermining democracy. However, we should not forget that the legal system also needs protection. Law has given rights to the people, but they should also have the means and conditions to exercise these rights. Law without protection is as useless as a piece of waste paper. It is a childish fantasy to think that a high degree of democracy can be formed as soon as a perfect democratic and legal system is formulated. Democracy is not something that can be protected forcibly from the outside. If the people do not have the ability and means to supervise and control state organs, no protection whatsoever will work. Under the present conditions, it is unrealistic to allow every social member to administer the state and participate in policymaking, as imagined by classical writers of scientific socialism. It will take a long historical process to realize this. But this does not mean

that democracy is something beyond our reach, because although not all the social members have the conditions to administer state affairs directly, they can still put the state under the control of society.

Article on Initial Stage of Socialism

HK171520 Beijing GUANGMING RIBAO in Chinese
21 Feb 88 p 3

[Article by Zhong Guoxing (6945 0948 5281): "The Initial Stage as Viewed From the Way China Entered Socialist Society"]

[Text] The report to the 13th CPC National Congress points out: "What is this historical stage, the initial stage of socialism in China? It is not the initial phase in a general sense, a phase that every country goes through in the process of building socialism. Rather, it is, in a particular sense, the specific stage China must necessarily go through while building socialism under conditions of backward productivity and an underdeveloped commodity economy." The formulation of the initial stage of socialism noticeably shows where China's present stage lies in the historical process of development and leaves enough room for us to approach mankind's socialist process in a scientific way.

It is because among socialist countries, China has its own specific characteristics that we put particular stress on the matter of the initial stage of socialism in China. China's specific characteristics are closely related to the way it entered socialist society. Before 1840, China had a natural economic society. Although Chinese historians expounded and proved that the seeds of capitalism could be found in China toward the end of the Ming Dynasty and during the early days of the Qing dynasty, in reality, even though they did exist, they were insignificant compared with the all-pervasive natural economy. Western capitalist countries opened China's doors by means of the Opium War. Later, through the inflow of capitalist countries' capital to China and the Westernization movement of the Qing Dynasty, large-scale industry was transplanted directly on China's soil. As such, the development road of China (and some other Oriental nations) is considerably different from that of the West. Western countries moved from the stage of natural economy to large-scale industry in an orderly way and step by step through a transitional stage of handicraft workshops, but Oriental countries skipped this stage.

It is precisely these different ways of change that created a marvelous historical phenomenon. As the economy of Western countries developed in an orderly way and step by step, people there adapted themselves gradually to and accepted the commodity economy. Moreover, society had chances to resolve its contradictions gradually in the course of its growth, thus continuing to stabilize and improve itself. However, after large-scale industry was transplanted directly on China's soil, where the natural economy prevailed, there were sharp conflicts between the large-scale industry that had a powerful bartering

force and the all-pervasive natural economy. On the one side, in most cases, the accumulation and expansion of large-scale industry were carried out under the protection of the forces of aggressors and bureaucrats; on the other, the impoverished peasants were unable to support themselves, and the workers lived a miserable life. This conflict further widened greatly the existing yawning gap between rich and poor, thus intensifying contradictions in all fields of endeavor. Hence, a revolution took place in which the working class and the broad peasant masses, its natural "ally," joined together, demanding the elimination of the oppression by imperialism, feudalism, and bureaucrat capitalism and on this basis, a socialist system was established.

This is a long neglected difference: The social contradictions caused by large-scale industry or the socialized economy itself led to the socialism envisaged by Marx, while in our present socialist society there are still contradictions and conflicts between the natural economy and socialized economy. We should not regard the two kinds of contradictions and conflicts as equal in an oversimplified way and neglect the peculiarity of the latter conflict. Negating the socialist nature of China's existing system is indeed a biased view, because the import of large-scale industry before the revolution provided a minimum possibility for the establishment of a socialist system in China. However, we should also not neglect that the transformation of the minimum possibility into reality is caused by the unique contradictions and conflicts to a certain extent.

In comparison with typical socialism in theory, China's socialism has two major characteristics from the moment China entered socialist society:

1. A low starting point.

In our country's economy, the natural economy has considerable weight, industry and commerce are underdeveloped, the level of socialization is low, and the population engaged in agricultural production constitutes the largest proportion in the nation's total. In correspondence with the economy, the people's living standards are low; life patterns are unitary; despite an age-long cultural tradition, science and technology are still underdeveloped; the people's psychological quality is low and values and habits of thinking congruous with the modern society have not yet been widely formed; there are not democratic and legal traditions in politics but on the contrary, the influence of autocracy and the rule of man left over by the natural economic society is hard to eradicate thoroughly.

2. Epoch-transcending Conflicts.

Due to a specific way of historical development, many different and even diametrically opposed things in the two epochs, closed and open, coexist in our society. This phenomenon can be found in such areas as economics, life, psychology, culture, and politics. In economic

terms, the natural economy is still entrenched on China's vast territory, while the socialized economy under large-scale industry is still growing; in terms of life, age-old concepts and ways of life still hold their ground in many places, while the most modern concepts and ways of life are sweeping the urban and rural areas like waves rising one after another; in psychological terms, a conservative, backward, and even superstitious mentality still dominates the actions of many people, while reform-oriented and open-minded and healthy modern mentality is spreading rapidly to more and more places; in cultural terms, the doctrinaire culture suppressive to human nature frequently surfaces in various forms, obstructing social progress, while the humanist and scientific culture is gradually becoming the mainstream of Chinese culture; and in political terms, political malpractices, such as autocratic and bureaucratic ways of doing things, and the rule of man often cause damage to society, but a political system of democracy, legality, and high efficiency is being gradually instituted and developed as the reform proceeds. Since these two states of things have opposite characteristics and different demands, conflicts are inevitable. The conflict is wide ranging, covering problems of individuals and of society at large.

In the epoch-transcending conflicts, the problems of the two epochs coexist and intersect. They include both mismanagement left over by the old structure which has not been thoroughly reformed and economic crimes in the new form. They also include both the rude intervention in the love affairs and marriages between young men and women by parents and clan heads under a patriarchal clan system and the problem of the aged and their marriage, a problem commonly seen in developed countries. The coexistence of problems in the new and old structures makes conflicts more complicated.

With the two characteristics of a low starting point and epoch-transcending conflicts, the initial stage of socialism in our country will be a complex and long process.

A low starting point calls for rapid development, and the epoch-transcending conflicts warrant proper coordination. The demands of these two aspects are obvious and strong. Hence, we are always faced with two prominent tasks; neither can be dispensed with.

Since our starting point is low, we must seek rapid development, but the epoch-transcending conflicts always remind us: History has not provided us with comprehensive and unified conditions for modern production. Therefore, like other social conditions, the production conditions facing us are not uniform. They cannot be made uniform by means of issuing an order. Different conditions call for different paces of advancement and different ways of development. Moreover, to achieve the overall development and prosperity of society, importance should always be attached to the coordination among different ways of development, among different localities, and among different aspects of endeavor. If we concentrate on high growth rates while

neglecting such coordination, we will pay the price for social dislocations in the face of various epoch-transcending conflicts, such as economic dislocation, economic, cultural, and political disproportion, and imbalanced development between different localities. The Great Leap Forward and "Great Cultural Revolution" have given us profound lessons. With serious dislocations, labor will be wasted and the superficial high growth rates will in effect become inefficient. Hence, there will inevitably be a vicious cycle of "high growth rates, a serious dislocation between different sectors, and major adjustments." The intensity of swings and the gravity of losses brought about by the cycle in the last several decades are there for all to see.

The epoch-transcending conflicts warrant proper coordination, but there is a question of direction in regard to coordination. To put it another way, on what starting point will the conflicts be coordinated? For example, in economic terms, which will be taken as the starting point—natural economy or socialist economy? In cultural terms, which will be viewed as the starting point—traditional culture or modern culture? Superficially, these problems seem easy to solve, but in reality they are not. To genuinely solve the first question, it is necessary to make a specific distinction of the contents and operation modes between the natural economy and socialist economy. The same is true of the second question. If we base our comparison just on one or two superficial characteristics, we are very likely to confuse the starting point of coordination. In the past, we regarded the closed economic structure characterized by being large in size and collective in nature and egalitarian distribution as an advanced economic structure. We also regarded the culture that unanimously gave prominence to politics as an advanced culture, and viewed the politics characterized by the rule of man under which an individual made arbitrary decisions as advanced politics. All these are the manifestations of such confusion. Obviously, this coordination with a confused starting point aims at submitting the advanced to the backward instead of narrowing the gap between the backward and the advanced. Such coordination is in fact a reverse coordination contrary to social development. The purpose of the current economic, political, and cultural structural reforms is to reverse this reversal of the starting point of coordination, to base coordination on the requirements of the modern times, and to seek a new, complete social coordination method on the basis of this new starting point of coordination. Only when a new starting point of coordination and social coordination methods are specifically defined can development and coordination be unified, can coordination be unlikely to hinder development, can development be achieved not at the price of dislocation, and can development and coordination be simultaneously ensured.

The contradiction between coordination and development runs through the process of the initial stage of socialism in China and also the process of socialist reform. As the starting point of our social development is

low, our economy and culture are underdeveloped, and democracy and the legal system are not politically sound, we should carry out reforms as quickly as possible. In particular, compared with developed countries that are developing rapidly, China's reform seems to be more urgent. However, as epoch-transcending conflicts exist in various fields of endeavor, we are confronted with considerably complex problems in our reform. If we divorce ourselves from social practice and blindly seek change or if we oversimplify reform patterns, this will run counter to our desire and will hinder and delay our reform. On the other hand, the existence of the epoch-transcending conflicts has made our social interest relationships and social contradictions considerably complex and moreover, the substitution of a new structure for the old has intensified their complexity. Under these circumstances a very good reform measure, if not coordinated with other measures, will have a refraction effect, become deformed, and produce undesired results due to the barriers resulting from various interest relationships and social contradictions. In our past structural reforms, the more we did, the larger the size of the staff and the more overstaffed the organizations became. This is a most typical case in point. One important reason for this phenomenon in our structural reform is that the reform measures, such as delegating power in personnel to lower levels and introducing a job invitation system for cadres, were turned by some people into ways of seeking personal gain and an excuse for expanding their power and making arbitrary cadre promotions through a protective screen of interest on their part. More often than not, this complicated protective screen of interest makes theoretical expectations and the practical results of reform far apart. It is impossible for us to make the reform succeed if we do not surmount this protective screen of interest. To do so, we should closely harmonize various reform measures and attach importance to the problem of development and coordination in reform.

Coordination is indispensable to development, as is the latter to the former. Society needs a duet of coordination and development. This holds true for any country. Nevertheless, this duet problem appears particularly prominent in China because of its special conditions. It was the fundamental reason for China's several major social ups and downs in the past and will remain a noticeable contradiction that runs through the process of the initial stage of socialism in China. We must never neglect this point.

The report to the 13th CPC National Congress points out: The initial stage of socialism in China will take at least 100 years. This is indeed a realistic appraisal. We should have not only an accurate calculation in terms of time but also a sober understanding of the complexity of the initial stage of socialism. In this way, we can avoid being naive and passive in the face of history.

Commentary Views Need for Public Reform Support
HK171425 Beijing GUANGMING RIBAO in Chinese
21 Feb 88 p 1

["Weekly commentary" by Xu Jingen (6079 6930 2704): "Reform Needs Public Opinion's Understanding and Support"]

[Text] Since the 13th party congress, the political structural reform has been widely and warmly discussed by cadres and ordinary people. This shows that our people are greatly concerned with state affairs and with the destiny and future of reform. People's lively discussions with everyone trying to put in a word are good things. They air their opinions and comment on things, favorably or critically. Such an opinion environment can be summarized in two words: Understanding and support. This is an important condition for the in-depth development of economic structural reform and an important condition for the gradual adoption and smooth implementation of the measures for political structural reform.

In his report to the 13th party congress, Comrade Zhao Ziyang pointed out: The purpose of both the political and economic structural reform is to better develop our social productive forces under the party's leadership and under the socialist system and to bring the advantages of socialism into full play. That is to say, we will eventually catch up with the developed capitalist countries in the economic field, realize a higher degree of democracy in the political field, and cultivate more and better talented people than these countries. Therefore, public opinion in our society should undoubtedly support the reform and the reformers. Such support should not only be demonstrated at the beginning of the reform, but should also be demonstrated in the process of deepening the reform. Such support should not only exist when reform is proceeding smoothly and reformers are making achievements, but should also exist when reform encounters difficulties and errors and reformers meet with some setbacks. In short, public opinion should always support reform, from beginning to end. Understanding and support form a major sign of the favorable opinion environment and they should particularly be demonstrated in the attitude toward errors in the reform and toward the reformers who have committed some mistakes in the course of reform. We cannot copy any ready-made pattern when carrying out political structural reform in a socialist country such as ours. Our existing political structure was formed in the years of the revolutionary war and in the period of socialist transformation and was developed through many large-scale mass movements and through the continuous intensification of the mandatory planned economy. It is no longer suited to the modernization in the economic, political, and cultural fields and is not suited to the development of the socialist commodity economy in our country. We should make a historical analysis of such a state of affairs. The existing political structure was a product of certain

historical conditions. Now, as the situation is developing and the party's cause is advancing, it is necessary to reform this structure. It is an arduous and complicated task. Therefore, the party central leadership stressed repeatedly that we must be resolute and prudent and must gradually unfold this reform in an orderly way under the leadership from top to bottom to make steady advances. However, in the transition stage from the old to the new, ill-coordinated links and frictions in our work can hardly be prevented. Reforms under such conditions may encounter various unexpected difficulties and setbacks. Should we allow the reformers to commit some mistakes and help them sum up experience and persistently carry on the reforms, or should we completely negate their work, negate the reform schemes, and restore the old practice once the mistakes are discovered? In the past reform practice, both favorable and unfavorable opinion environments existed at the same time. They were certainly related to the attitude of the major leading comrades in some localities. Therefore, an opinion environment favorable to the political structural reform will mainly rely on the personal encouragement of the major leaders.

In order to create a favorable opinion environment of understanding and supporting the reforms, higher requirements are put forth for the newspapers and other mass media. They should give publicity to the necessity of political structural reform and the advantages that will be brought about by a certain reform measure and should also point out the side effects of such reform measures and the fact that some people's vested interests may be affected by the reform so that all people can make sufficient mental and psychological preparations. When commending people who play a leading role in reform, we should not describe them as perfect and should not credit all achievements to a single person. Such a propaganda method is not realistic and will just add more pressure on the reformers. When reporting the successful experiences and good methods in the political structural reform, we should clearly mention the objective conditions and background and should remind the people that learn from these experiences in light of their own specific conditions. It is not good to create an opinion drive to promote certain reform experiences and force people to follow suit blindly. Political structural reform is also a process of exploration. Our news reports and propaganda work should have an atmosphere of exploration and should include different opinions and practices and allow people to make some mistakes. We should not continue to attack people who have committed some mistakes in the course of reform as long as their mistakes are not to seek private gains by making use of their powers or to violate discipline and law; instead, we should be lenient with them and encourage them to make advances by drawing a lesson from the mistakes.

A favorable opinion environment should also be created by the reformers themselves. Of course, it is impossible to find some reformers without shortcomings. Comrades who are resolved to carry out reforms should set more

strict demands on themselves, especially in the aspects of personal style and work methods. This is rather essential for the creation of a favorable opinion environment. At the same time, the reformers should also know how to correctly treat the opinion environment in society, and they should not be too sensitive to some unfavorable opinions and comments in society. It is not good to be politically insensitive, nor is it good to be too sensitive or nervous. So long as we can deeply understand and have full confidence in the principles and policies laid down by the central authorities, we will be firm and unswerving in the reform no matter what winds are blowing.

Reform Improves Status of Intellectuals

*OW171350 Beijing XINHUA in English 0738 GMT
17 Mar 88*

[Text] Beijing, March 17 (XINHUA)—Only by carrying out reform can China's intellectuals improve their social status, today's "GUANGMING DAILY" said in a front-page commentary.

Entitled, "Reform is the only way to deal with intellectuals' problems," the commentary pointed out that exactly 10 years ago China's senior leader, Deng Xiaoping, declared that "intellectuals are a part of the working class."

The commentary said, "over the past decade, we have tried hard to benefit intellectuals by redressing the wrongs, improving the relationship between intellectuals and workers and farmers and bettering their social status."

The reform calls for expanding productive forces and in turn stimulates the demand for knowledge and intellectuals, "with the advance of the reform and expansion of the productive forces, a situation of political and social stability will be created, in which intellectuals may expect their problems to be solved one by one," the commentary said.

The commentary also urged Chinese intellectuals to strive to promote the progress of the reform and productive forces.

Gu Mu Speaks on Ningbo's Economic Development

*OW181320 Beijing XINHUA Domestic Service
in Chinese 1629 GMT 17 Mar 88*

[By reporter Lin Yudong]

[Text] Shenzhen, 17 Mar (XINHUA)—State Councillor Gu Mu said here yesterday: In implementing the strategy for the economic development of coastal areas and developing an export-oriented economy, the coastal areas must have a thorough grasp of a series of relevant policies formulated by the central authorities and do a better job in implementing them in order to attract more foreign businessmen to invest in China.

Gu Mu made these remarks while delivering a summing-up speech at the sixth meeting of the State Council Coordinating Group for the Economic Development of Ningbo, which was held in the Shenzhen Special Economic Zone.

Gu Mu stressed: The central authorities have laid down a series of principles and policies since opening our country to the outside world. People in all localities should conscientiously study these principles and policies and earnestly implement them according to their local conditions. However, there is now a tendency that some localities do not devote their main energies to implementing the relevant principles and policies laid down by the central authorities but always hope for more preferential policies from the central authorities, thinking that "the policies implemented in other areas are more preferential than those in ours." In the end, they cannot get a more preferential policy and also miss the chance to implement the original policies.

Gu Mu pointed out: All coastal areas are now facing new challenges: One is keen competition in the international market, and the other is competition between various areas in the country. In such a situation, an area can hardly succeed if it does not have a sense of urgency and fails to heighten its sense of competition and improve the quality of its leadership, management, and personnel as well as its efficiency and its environment for investment.

On opening Ningbo to the outside world, Gu Mu said: Ningbo has made many achievements in various fields of work. Now it should make full use of various preferential policies adopted by the central authorities for it as well as its own favorable conditions and actively participate in the great international economic circle.

He expressed his heartfelt gratitude to Mr Bao Yutang, a well-known personage in Hong Kong, for a lot of work he has done in contacting and arousing Overseas Chinese of Ningbo origin to concern themselves with and assisting in the economic development of this port city. Mr Bao Yutang and personages of Ningbo origin from Hong Kong attending the meeting on invitation made positive suggestions on ways to accelerate Ningbo's economic development and to improve its investment environment.

Tian Jiyun Attends Customs Service Meeting
OW172256 Beijing XINHUA in English 1615 GMT
17 Mar 88

[Text] Beijing, March 17 (XINHUA)—Chinese Vice Premier Tian Jiyun has called on the customs service to reform its rules and regulations and simplify its procedures.

At a meeting of the General Customs Administration today attended by 200 officials, Tian said preferential conditions should also be offered to promote economic development in China's coastal regions.

He said bonded warehouses and bonded factories should be more broadly popularized to develop the processing businesses, too.

Tian said the customs officials should free themselves from old ideas and deepen the reform.

Customs laws and regulations should be improved, he said, and management and inspection services strengthened to bolster exports.

Army Paper on Bidding for Unmanned Plane Project
HK181441 Beijing JIEFANGJUN BAO in Chinese
5 Mar 88 p 1

[Report by correspondent Wan Gaochao (8001 7559 3390) and reporter Ying Mingyang (2019 2494 7122): "Project for Developing Unmanned Plane Put to Public Bidding"]

[Text] Beijing, 2 Mar—The mechanism of competition has entered the area of national defense weapons and equipment research and manufacture, injecting life into national defense scientific research. Work on researching and producing the subsystem of a new type of unmanned plane of our country has been put to public tender. The unit that won the bid made an offer more than 10 million yuan lower than the highest bidder. Moreover, it offered a better technology program, shorter duration of research and manufacture, and better economic results. At the experience-exchanging conference on the research and manufacture of our military weapons and equipment held in Beijing this morning, relevant units recounted their experiences in putting research and manufacturing work to public bidding.

In the past, we relied mainly on the old operating mechanism in the research and manufacture of our military weapons and equipment. Such an operating mechanism has many defects, with an adverse effect on results in the development of our weapons and equipment. To correct problems existing in this operating mechanism, the State Council and Central Military Commission made the decision last July on the control of contracts for the research and manufacture of weapons and equipment. It was demanded that "all projects with necessary conditions for bidding be put to public tender." In line with this spirit, the relevant departments adopted the way of inviting tenders for the research and manufacture of the subsystem of a new type of unmanned plane. The relevant units formed a tender invitation leadership group, a tender assessment group, and a witness group to get things going. After the relevant departments made known requirements for technological, economic, and various other targets of the

system to be researched and manufactured, four local research units submitted tenders. After a process of discussion and selecting the best by more than 10 units, a research institute under the Ministry of Electronics Industry was judged to have scored 87.65 points, outbidding its rivals for the contract in regard to both technology and price.

The advantages of open bidding are: The management system of putting a tight lid on national defense scientific research has been done away with. The defect of "an emperor's daughter needing to have no worry about being married off" has been corrected. As bids for the research and manufacture of the subsystem of the new type of unmanned plane were received, it was found that there were great differences in offers made by four units submitting bids. The research and manufacturing program submitted by the winning unit allowed good performance, short duration, lower cost, and high economic results. The relevant departments and the research and manufacturing unit signed a contract with relevant quantity, quality, speed, responsibility, and rights and interests incorporated in legal terms. Legal means were thus used to protect the tender for research and manufacture. Where problems arose with some items in the course of research and manufacture, both sides made a serious analysis of each according to the agreement, tracing the causes, defining relevant responsibilities, and seeking a proper solution. The problem of passing the buck, lowering the standards of targets, and slowing down progress is thus guarded against. Quality and speed are guaranteed. The pace of researching and manufacturing modern national defense weapons and equipment is accelerated.

PLA Sciences Academy Marks 30th Anniversary
OW171347 Beijing XINHUA Domestic Service
in Chinese 1249 GMT 14 Mar 88

[By reporter Xu Jingyao]

[Text] Beijing, 14 Mar (XINHUA)—Today the PLA Academy of Military Sciences held a solemn ceremony to celebrate its 30th founding anniversary.

Li Desheng, Song Shilun, Zhang Aiping, Liao Hansheng, Hong Xuezhi, Liu Huaqing, Chi Haotian, Yang Baibing, and Zhao Nanqi attended the ceremony and offered their best wishes for successes of the academy.

The academy was founded by Marshal Ye Jianying 30 years ago. Reviewing the history of the academy, Zheng Wenhan, the current commandant, said: Over the past 3 decades, military scientists of the academy have scored important achievements in a number of research projects on strategy for military ideology, battles, tactics, war history, military systems, foreign armed forces, and political work. These achievements crystalize the fruits of painstaking efforts of Marshal Ye and other older generation proletarian revolutionaries and are the result of the diligent labor by the people of several generations.

Speaking on behalf of the Central Military Commission, Chi Haotian, chief of the General Staff, said: Advanced theory of military sciences is the guide for the PLA's modernization program. In view of the rapid advances in science and technology today, to enrich and develop the theory of military sciences is of special importance. Many countries are aiming their strategy at studying and exploring the future, readjusting their goal, and trying to gain strategic initiative in the 21st century. We should remain soberminded, exert ourselves, and proceed from China's national and military conditions in studying and formulating strategic principles and guidelines with Chinese characteristics to meet the needs of defense and Army building and future war.

Upsurge in Marine Disputes Noted
HK180214 Beijing CHINA DAILY in English
18 Mar 88 p 1

[By staff reporter Guo Zhongshi]

[Text] An upsurge in marine disputes on the seas off China is bringing stricter action by the country's six maritime courts.

The courts—located in the major port cities of Shanghai, Dalian, Tianjin, Qingdao, Guangzhou and Wuhan—have been handling an increasing number of maritime lawsuits brought by Chinese and foreign litigants in the wake of China's growing external trade and shipping ties.

An official of the Supreme People's Court told CHINA DAILY that the maritime section of the court will make an intensified effort this year to meet the demands of the new situation. Zhang Jinxian, assistant judge of the court, said the maritime courts handled a record number of 345 cases last year, an increase of 26.8 percent over 1986. In 1984, when they were established, the courts only accepted 16 marine cases.

Most of the cases handled last year involved ship collisions, wharfs damaged by ships, deaths and injuries, contract disputes, pollution and violations of maritime regulation.

Zhang said there were 28 cases in connection with foreign litigants and 13 involving Hong Kong and Macao clients last year.

He cited an example of a collision in the east China Sea in 1984 between a ship belonging to the Shandong Ocean Shipping Company and a Panamanian ship. The Panamanian ship, which was carrying large amounts of chemical materials, sank and seriously polluted a body of water near the coastal Wenzhou City.

The Panamanian ship owner, when ordered to salvage the ship and clear the pollutants by the local harbour supervision administration, pleaded not guilty and took the issue to the Shanghai Maritime Court. The court linked up with local scientific research organizations in a

joint investigation of the case, and concluded that the water had been polluted and the Panamanian ship was responsible. The case was recently concluded when the Panamanian side revoked the lawsuit.

Zhang said China's open policy has brought flourishing business with local and foreign ships coming in and out of the country. Shanghai Harbour alone handles 100 million tons of cargo a year. [This] has brought about more and more marine and admiralty disputes and an increasingly heavier workload for the maritime courts, said Zhang.

The growth of domestic water transport has also caused problems as many ships, especially privately-owned ones, have been operating without lights, horns or licences and most crew members have not received proper training.

Beijing-Xian-Dunhuang Flight Inaugurated
*OW180604 Beijing XINHUA in English 1551 GMT
17 Mar 88*

[Text] Beijing, March 17 (XINHUA)—A regular weekly flight opened today between Beijing, Xian, and Dunhuang, a major tourist attraction in northwest China's Gansu Province.

An important spot on the ancient Silk Route, Dunhuang is known for its caves that date back to 366 AD and contain Buddhist statues, frescoes, and valuable manuscripts.

Last year 290,000 Chinese and overseas tourists and scholars visited the site.

Inauguration of the Thursday flights is expected to greatly increase the number of visitors.

Previously, it took 3 days and nights by train and another 3 hours by bus to reach the caves from Beijing.

Now, the trip can be done in slightly more than 4 hours by plane.

Transport Network for Coastal Areas Planned
*OW180058 Beijing XINHUA in English 1452 GMT
17 Mar 88*

[Text] Beijing, March 17 (XINHUA)—China is planning to develop a complex coastal transport network in connection with an economic development strategy for coastal regions.

The network will hub around main ports and include highways, railways, and inland waterways, officials from the Ministry of Communications say.

The plan calls for establishing a foreign trade transport system for ocean-going ships and a domestic transport system linking coastal enterprises with the hinterland.

More ports and berths will be built to accommodate the increase in shipments as China develops an export-oriented economy.

Ministry officials say China will build 200 docks and berths during the Seventh 5-Year Plan period (1986-1990).

By 1990, the country's port-handling capacity is expected to be 550 million tons.

Highways servicing the ports are to be upgraded and land-water transportation routes such as the Grand Canal, Yangtze, and Pearl Rivers will be promoted.

The ministry said China should expand its ocean-going fleet, especially container carriers, since sea transport is crucial to an export-oriented economy.

China will also use foreign loans to help finance highway and port construction, the officials added.

Article on Questioning Legal Entity Ownership
*HK171345 Beijing GUANGMING RIBAO in Chinese
20 Feb 88, p 3*

[Article by Yang Tianjun (2709 1131 0971): "Questioning Legal Entity Ownership"]

[Text] Comrades who advocate substituting "legal entity ownership" for ownership by all the people think that the theory of "separating ownership from management right" cannot work. Therefore, it is necessary to establish an enterprise organization form that can integrate ownership with management right. Such an enterprise organization form is called legal entity ownership. The basic form of legal entity ownership is the joint-stock company. As a matter of fact, a joint-stock company is not an enterprise organization that integrates ownership with management right, because the property of a joint-stock company is owned actually by the shareholders and not by the board of directors, which is the legal entity organ. As far as the organization of a joint-stock company is concerned, the real power of the company rests with the shareholders' conference and does not rest with the board of directors. The board of directors is elected by the shareholders' conference, is responsible to the shareholders' conference, and is supervised by the supervisory organ or Supervisory Committee of the joint-stock company (namely, by the shareholders). Therefore, in a joint-stock company, the board of directors is only the executive organ and not the power organ.

Shareholders owning shares is a specific form of ownership. Share ownership is divided into self-interest ownership and public-interest ownership. Self-interest ownership is embodied in the following two aspects: First, it is embodied in dividends and extra dividends; second, it is embodied in shareholders buying and selling shares according to their own will or shareholders handling the remaining property of a company after the company

declares bankruptcy or terminates its business. The former is the profit ownership of the share ownership; the latter is the property sharing right of the share ownership. The reason that the shareholders possess public-interest ownership is because they have the right to own the property of the company. Therefore, public-interest ownership is nothing but the political realization of the share ownership. Therefore, it is the shareholders and not the board of directors that own the property of the company. So, when a joint-stock company limited goes bankrupt it does not mean that the board of directors of that joint-stock company limited goes bankrupt but that the shareholders go bankrupt.

As far as the movement of the assets of a joint-stock company is concerned, the board of directors only manages the property of the shareholders. After shares as a type of valuable securities are purchased by people with currency, the real capital is immediately transferred to the company, is turned into the funds and means of production in the hands of the company operators, and is controlled by the company operators. The shares held by the shareholders are nothing but the "duplicated papers," namely, the certificate of capital ownership. Such a "double-track movement" of capital is the specific form of "separating the management right from the ownership" of the capital in a joint-stock company. That the capital owners do not control and manage their own capital is the natural outcome of the large-scale socialized production and the development of the commodity economy.

The joint-stock company is not the legal entity ownership. The legal entity is the "personification" of the law. The legal entity itself is not a type of ownership, but a social organization. The reason the system of legal entity has experienced several social formations and has coexisted with various types of ownership is that the system of legal entity is related closely with the development of the commodity economy. Since we can implement public ownership, private ownership, and joint state-private ownership in developing the commodity economy, the legal entity can also have the color of public ownership, private ownership, and joint state-private ownership. Therefore, the joint-stock company, which is a specific form of the legal entity, is naturally not under the legal entity ownership. There should be two criteria in determining the nature of a joint-stock company: One is the nature of the state; the other is the nature of the dominant shares. The state passes laws to affirm the legal entity system in the country and determine the conditions and purpose of the establishment of the joint-stock companies as well as the powers, interests, and capabilities of the joint-stock companies to guarantee the orientation of the development of the joint-stock companies. The nature of dominant shares determines the form of ownership of the joint-stock companies. It is for this reason that in capitalist society, all joint-stock companies, be they "state-run companies" whose shares are owned by the state or private joint-stock companies that are jointly formed by several capitalists, are in nature

under capitalist private ownership. Under socialist conditions, the nature of the socialist countries determines the orientation of the joint-stock companies, while the dominant "state shares" and "collective shares" determine the public ownership of the joint-stock companies.

Paper Discusses Compensation for Risk-Taking
HK181350 Beijing GUANGMING RIBAO in Chinese
27 Feb 88 p 3

[Article by Gong Xikui (1362 1585 7608): "Tentative Talk on Compensation for Risk-Taking"]

[Text] Comrade Zhao Ziyang's report to the 13th party congress pointed out that "enterprise managers receive additional income to compensate for risk-taking." Here, risk does not refer to the risks caused by such natural disasters as fires, floods, and earthquakes, nor does it refer to the social risks caused by war or political unrest, but especially refers to the risks in business operations. Business risks exist in the operation process of the commodity economy and are caused by various uncertainties. Economic uncertainties may cause failures, property losses, and disgrace to people involved in some economic activities. This is the concept of risk in modern economics.

Business risks come into being along with the commodity economy. The more developed social division of work is, and the more frequent exchanges of commodities are, the greater the risks the commodity producers will have to face in market competition. The socialist economy is a planned commodity economy and enterprises are relatively independent economic entities which must conduct independent economic accounting, bear sole responsibility for their own profits and losses, and undertake various economic risks. In the past, under the highly centralized economic management system, all society was considered one big factory; the property ownership was not clearly defined; people's responsibilities were not linked to their interests; incomes were distributed in an egalitarian way; and the economic risks were shared by all society members rather than being taken by the specific legal entities concerned. This went against the requirements of the operational mechanisms of commodity economy. With the in-depth development of the economic structural reform, enterprises have gradually become relatively independent entities in commodity production, and have borne complete responsibility for their own profits and losses. So it is natural that the risk mechanisms that subject the business of the enterprises to the test of the market should also be established. While pursuing the profit target, the enterprise manager must also undertake the risks in making business decisions and contracting loans, the risks of going bankrupt and losing jobs, and the risks of suffering improper interference from the superstructure.

Risk and benefit are twin brothers that always exist together. If something brings only risk to people and brings no benefit to them, no one will be willing to

undertake the risks. The premise of achieving a certain economic benefit target is to undertake a certain degree of economic risk. Conversely, the undertaking of certain economic risks should result in a much higher benefit as the compensation. In the ever changing conditions of market competition, without a certain venturesome spirit (but certainly not a reckless spirit), it is hard to do business successfully. Such a pioneering and venturesome spirit comes from people's ideals, beliefs, and pursuit of a certain target of values, and of course also comes from the attraction of a higher income. At present, risk investment is rather common in foreign countries. Risk investment is also called risk capital, which is used to help some pioneers "take a risk" to develop a new production field. The risk capital is mainly used to develop new technologies and run new enterprises. The profit margin is particularly large if the undertakings are successful, but of course, the probability of failure is rather high. Even so, risk undertakings are still developing rather rapidly. The basic reason is that the high returns and profits can compensate for the risks and losses, and the net profits of these enterprises are still much higher than those of ordinary enterprises.

In the individual economy and the private economy in our country, and in the leased and contracted enterprises, the managers are undoubtedly undertaking certain economic risks. If the individual business or the private enterprise fails in business competition, it will go bankrupt, and the manager will forfeit his personal property to pay the debts. Many managers of leased and contracted state enterprises have also used their personal property as pledges for fulfilling contracts. If they cannot run the enterprises properly and if the enterprises incur serious losses, they will have to face severe economic penalties as stipulated in the contracts. However, while undertaking the economic risks, they also have the opportunity to earn a rather high income. If their business policies are correct and their management is effective, if they can sell their products well, occupy a handsome share of the market, and if their enterprises achieve good economic results, then these managers will certainly have the right to reap handsome material benefits, which includes compensation for taking risks. Such compensation for risk-taking is legitimate remuneration for the enterprise manager who earns it with his talent and ability.

For an enterprise manager, success and failure, profits and losses, may lead to different results in different times, places, and conditions. If there is no certain compensation for their risk-taking, they may suffer a crushing defeat and have no opportunity to recover once their business fails or incurs losses. The risk-taking compensation raises the economic bearing capacity of the enterprise managers, thus they can use the high incomes earned when their business succeeds to make up for losses encountered during business setbacks. This is also in line with the policy of allowing some people to get rich ahead of others. Entrepreneurs should certainly be allowed to get rich first. The risk-taking compensation

provides an incentive for people to join the ranks of entrepreneurs, and will help promote technological innovation and help improve enterprise management.

Investment Bank To Borrow More Foreign Funds
OW180630 Beijing XINHUA in English 1248 GMT 17 Mar 88

[Text] Beijing, March 17 (XINHUA)—The China Investment Bank will borrow more foreign funds through diversified sources this year, Lu Xianlin, president of the bank, said today.

The bank is currently negotiating its second loan with the Asian Development Bank and intends to negotiate its fifth World Bank loan this June or July, Lu said.

It intends also to negotiate a loan with a bank from Federal Germany.

Lu said the bank is exploring the best deals it can through the international financial market.

The bank's work in project appraisal and management has won praise from the World Bank.

Loan priorities are given to projects involving exports or new technology.

Investment Bank Improves Credit Management
OW171318 Beijing XINHUA in English 1120 GMT 17 Mar 88

[Text] Beijing, March 17 (XINHUA)—The China Investment Bank, a major conduit for foreign loans, will resort to floating interest rates in issuing loans from the World Bank and other international financial institutions this year, according to a bank official.

The investment bank has relied, to date, on fixed interest rates in issuing loans from international financial institutions, in spite of the fact that the latter employ floating rates. The move by the bank is thought to be a reform effort aimed at more efficient use of foreign funds, the official told XINHUA.

In another reform move, the bank, from this year on, will begin to share the gains and losses caused by changes in exchange rates on internationally-financed loans with enterprises which receive such loans. In the past, such gains and losses were dealt with solely by the state.

Since international financial institutions, such as the World Bank, issue credit loans in different currencies and thus are likely to be affected by changes in exchange rates, they usually ask the loan recipient to handle such matters, the official explained.

On a related matter, the bank also plans to give more decisionmaking power to its branches and sub-branches in approving loan projects, he disclosed.

Vice Minister on Rural Production Increase
*OW172338 Beijing XINHUA in English 0829 GMT
17 Mar 88*

[“China’s Rural Reform Hailed” — XINHUA headline]

[Text] Beijing, March 17 (XINHUA) — China’s gross social product in rural areas reached 904.1 billion yuan in 1987, a 12 percent increase over the previous year, following eight years’ consecutive growth.

The increase of the total social product value in rural areas during the 29 years before 1979 averaged about three percent, but the past nine years saw an average rise of 10 percent.

Per-capita annual income of the rural people climbed to 463 yuan in 1987 from 133 yuan in 1978.

Chen Yaobang, vice-minister of agriculture, animal husbandry and fisheries said in the April issue of the “NEW CHINA QUARTERLY”, the rapid development in China’s countryside is mainly due to the introduction of the family-based contract responsibility system linking income with performance.

China’s ongoing reform in the countryside, Chen said, which has turned the formerly self-supporting economy into a large-scale market economy, benefits the farmers with the readjustment of purchasing prices for farm products, 40 percent higher than before, and allowing the farmers to market their own products after fulfilling their quotas purchased by the government.

China’s grain production in 1987 increased 32 percent over 1978, and cotton, 93 percent.

The reform also stresses the development of non-farming sectors such as industry, transportation, catering and construction in the rural areas using surplus labor. By the end of last year, a total of 85 million rural people — 22 percent of the labor force in the countryside — had jobs in rural factories.

According to the vice-minister, the production value of the non-farming sector has reached 50.8 percent of the total social production value in the rural areas.

The reform, however, he said, has encountered many problems. For example, the decrease of arable land has hampered the production of grain, and the increased output still cannot meet the demand.

The minister said only further reform can solve these problems.

Commentator Urges Forestry Reform, Development
*HK180951 Beijing RENMIN RIBAO in Chinese
8 Mar 88 p 1*

[Commentator’s article: “ ‘Big Logs’ Should No Longer Assume Command’—Comments on Accelerating Forestry Reform and Development”]

[Text] Although no one ever advocated it in public nor did it appear in any document, “putting big logs in the first place” has indeed been a long-standing guiding thought in China’s forestry building.

What does “putting big logs in the first place” mean? In a word, it means putting log felling in the “first place” and “seeing the trees but not the forest.” As an indispensable component of the environment for human existence, forests actually have the functions of breaking wind and fixing sand, conserving water and soil, beautifying the environment, producing timber, and supplying energy. However, the concept of “putting big logs in the first place” merely realized the function of forests supplying timber but ignored other functions, attached importance only to the economic value of forests but neglected their ecological value, and tried to get timber rather than cultivating resources. Thus, the view of the whole has been overshadowed by the parts.

The practice of felling trees and paying no attention to cultivation are the concentrated expression of “putting big logs in the first place.” For a long time in the past, exploitation of our primeval forest resources was regarded as “excavation industry” and forest trees were plundered. The number of trees felled was the criterion for assessing a worker’s output. More trees felled meant greater output. After felling trees, no one cared about afforestation. As a result, the old resources were used up, while new resources were not cultivated. Forest resources of a number of state-owned forest zones were exhausted, and the number of barren hills and mountains increased. In China’s northeast, southwest, and Nei Monggol, the forest reserves during the initial post-liberation period totaled 2.8 billion cubic meters. The amount has now been reduced to under 2 billion cubic meters. China’s “forest deficits” have reached 100 million cubic meters annually.

Owing to the idea of taking rather than growing, there has always been a lack of investment in forestry. This is another expression of “putting big logs in the first place.” “Big logs” are legacies handed down by our ancestors. As the logs can be consumed without any cost, no one is concerned about the costs of cultivation before felling and reforestation after felling. Moreover, the price of logs was extremely low under the old monopoly system: One kg of logs was cheaper than a brick or a kg of straw! All fields consumed cheap logs, but made little investment in afforestation. Consequently, forestry reached stagnation. To make up for the short supply of timber, the state had to spend a large amount of foreign exchange

to import timber. According to statistics, the annual expenses for importing timber (including logs, planks, paper, paper pulp, and cardboard) total over \$1 billion, several times the investment made in afforestation during the entire Seventh 5-Year Plan.

"Putting big logs in the first place" has led to a grave imbalance of the internal structure of forestry and has affected comprehensive exploitation of forestry. Take afforestation, for example: Attention has been focused only on forests that can provide big logs, which neglects the cultivation of fuel forests, water conservation forests, and economic forests. The view of other treasures and functions of forests has been overshadowed by the "big logs." In fact, the overall economic value and ecological functions of forests are far beyond that of "big logs."

It is true that the state needs a large amount of timber. It is an essential task of forestry building to provide the state with large amounts of fine quality timber. With the development of construction, there will be an increasing demand for "big logs" in society. However, if all the forest trees are felled, where can we get the "big logs?" If the sources of "big logs" are exhausted, how can we meet the social demands for timber?

Now is the time to change this outdated concept and guiding ideology. If we continue to "put big logs in the first place," we will never be able to extricate ourselves from the forestry crisis. For the overall interests of the state and the benefits of our future generations, all fields and departments in society should make concerted efforts to restore, develop, and protect forest resources and make the most of the various functions and effects of forests.

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HK181002 Beijing RENMIN RIBAO in Chinese
17 Mar 88 p 8

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East Region

China's Second Housing Bank Opens in Anhui *OW180614 Beijing XINHUA in English 1319 GMT 17 Mar 88*

[Text] Hefei, March 17 (XINHUA) — China's second special bank to provide loans for house purchases opened today in Bengbu in Anhui Province.

The bank, set up with the approval of the State Council, the highest governing body in China, will offer long and short term mortgages and housing bonds.

Bengbu is one of the few cities chosen to pioneer housing reform in China.

Nearly 3,500 local households have applied to buy their own houses since the city started the reform last October.

The banks will help absorb idle funds that can be used to speed up construction of new apartment buildings, an official said.

China's first housing bank opened last December 1 in Yantai, Shandong Province.

Jiangsu Holds People's Defense Meeting *OW171211 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 12 Mar 88*

[Text] A provincial people's defense work meeting was held in Xuzhou City from 9 to 12 March. The meeting participants reviewed the people's defense construction in Jiangsu in 1987, and exchanged experience in the people's defense work among various localities. Vice Governor Zhang Xuwu and provincial Military District Commander Zhen Shen and Deputy Commander (Chen Yuexing) spoke at the meeting.

In recent years, Jiangsu has scored remarkable achievements in the people's defense construction work through implementing the principle of overall planning, giving top priority to key projects, integrating peacetime production with preparedness against war, and putting quality above anything else. A total of 480,000 square meters of people's defense engineering projects have been utilized, constituting 42.5 percent of the total existing projects and producing an annual output value of 76.8 million yuan.

Wuxi and Changzhou Cities have been designed by the state as the advanced collectives in integrating peacetime production with preparedness against war.

Jiangsu Leaders Commend Rural Enterprises *OW171207 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 12 Mar 88*

[Excerpts] A total of 240 advanced village and township enterprises and 197 outstanding plant directors and managers with innovative ideas and managerial expertise were commended by the provincial people's government at a ceremony in Nanjing today. They were conferred respectively the titles of star enterprise and village and township entrepreneur. [passage omitted]

Attending the ceremony were leading Comrades Han Peixin, Gu Xiulian, Sun Han, Chen Huanyou, Zhou Ze, Xu Zhizhong, Zhen Shen, Luo Yunlai, and (Tao Keming). They presented medals, certificates, and prizes to the star enterprises and village and township entrepreneurs.

Shandong Congress Committee Meeting Ends *SK180534 Jinan Shandong Provincial Service in Mandarin 2300 GMT 17 Mar 88*

[Text] The second meeting of the seventh provincial People's Congress Standing Committee concluded in the meeting hall of the Zhenzhuquan Auditorium of Jinan City on the afternoon of 17 March.

During the meeting on the afternoon of 17 March, the participating members approved by secret ballot the namelist submitted by Governor Jiang Chunyun with regard to appointing 31 directors of commission, offices, departments, and bureau. They also approved by a show of hands the namelist of staff members of the Credentials Committee under the seventh provincial People's Congress Standing Committee and the namelists submitted by the provincial Higher People's Court and the provincial People's Procuratorate with regard to appointing a number of cadres.

The meeting also heard the report given by Lu Hong, vice chairman of the provincial People's Congress Standing Committee and chairman of the Legal and Political Committee under the provincial People's Congress Standing Committee, with regard to explaining the revised draft rule of procedure of the provincial People's Congress Standing Committee. The draft rules of procedure were also approved at the meeting.

As for the draft measures on making contacts among the deputies of the provincial People's Congress, the meeting decided, in line with the opinions put forward and discussed by the participating members at the meeting, to further improve them and then to submit them to the next Standing Committee meeting for examination and approval.

Xiao Han, vice chairman of the provincial People's Congress Standing Committee, presided over the meeting on the afternoon of 17 March. Attending the meeting were Li Zhen, chairman of the provincial People's Congress Standing Committee; and Lu Hong, Wang Shufang,

Xu Jianchun, Lin Ping, Xu Sen, Yan Qingqing, Li Ye, and Ma Xutao, vice chairmen of the provincial People's Congress Standing Committee.

Attending the meeting as observers were Ma Shizhong and Li Chunting, vice governors; Meng Zhaoju, president of the provincial Higher People's Court. Also attending as observers were responsible comrades from the provincial People's Procuratorate, the relevant departments of the provincial people's government, the People's Congress Standing Committees of the provincial level cities, and from the liaison groups in charge of the People's Congress work under various prefectures.

Jiaodong Peninsula Improves Investment Climate
OW171140 Beijing XINHUA in English 0749 GMT
17 Mar 88

[Text] Jinan, March 17 (XINHUA)—Four cities on east China's Jiaodong Peninsula are improving investment climate to boost their export-oriented economies.

The four coastal cities are Qingdao, Yantai, Weifang and Weihai in Shandong Province, which boast convenient transport facilities and abundant natural resources. They have taken the lead in the province in industrial and agricultural development.

According to Jiang Chunyun, governor of Shandong Province, both the central government and the provincial government have given more autonomy to these cities to boost their export-oriented economies.

With more autonomy, these cities have decided to improve infrastructure first to pave the way for attracting foreign investment and advanced technology.

While improving land transport service, Liu Zhen, an official of Qingdao City, said the city is speeding up construction of Huangdao power plant and installation of a 20,000-line program control telephone exchange. The city's transportation, power and telecommunications shortage problems are expected to be solved when these projects are completed this year.

Weihai, a new city formed last year and the smallest among the four cities on the peninsula, plans to expand its port to accommodate 10,000-dwt ships and build an airport, a telecommunications building and a super-highway this year, according to Zang Haiqiang, vice-mayor of the city.

Meeting on Shanghai's Rural Work Ends 12 Mar
OW171329 Shanghai City Service in Mandarin
2300 GMT 12 Mar 88

[Excerpts] The meeting on rural work in Shanghai ended on 12 March. The meeting called on all rural counties and state farms in suburban Shanghai to continue strengthening reform and opening wider to the outside world. It also called on these organizations to implement the principle of integrating the cities with the rural areas, basing ourselves on two points, growing the three types of crops in a coordinated manner and building the four

types of base areas. It urged them to regard the development of fishery and the nonstaple foodstuffs for cities as an important strategic task, make full use of the preferential treatments given by the state, and offer new contributions to developing the export-oriented economy and accelerating the economic developments in Shanghai. [passage omitted]

According to the rural economic development plan for Shanghai, the total output value for industrial and agricultural production will be 25.8 billion yuan in 1988, an increase of 20 percent over that of 1987. The total output value of rural industries will be 17 billion yuan, an increase of 25 percent over that of 1987. The total amount of export-oriented products procured is expected to reach 4 billion yuan in 1988, an increase of 30 percent as compared with 1987.

Those attending the meeting unanimously agreed that our task has now been clearly set and the policy well defined. They pointed out: We must further emancipate our thoughts, open wider to the outside world, quicken our pace in building the four types of base areas and strengthen our efforts in carrying out our economic work.

Shanghai Mayor Discusses Export-Oriented Economy
OW171157 Shanghai Voice of Pujiang in Mandarin
to Taiwan 1000 GMT 11 Mar 88

[Text] In the course of developing the export-oriented economy, Shanghai must change its concepts, earnestly rejuvenate its grassroots units, and combine science and technology with production. At the same time, it must display a brand new spiritual outlook, and continue to strengthen reform. The aforementioned view was expressed by the deputies to the Sixth and Seventh National People's Congresses at a report meeting after they had inspected Shanghai.

Leading comrades in Shanghai Jiang Zemin, Huang Ju and Xie Lijuan attended the meeting, and listened to views and proposals of the NPC deputies.

Mayor Jiang Zemin spoke after hearing the views of the deputies. He said: In order to develop the new situation in developing the export-oriented economy in Shanghai, we must seize the best opportunity to quicken our pace in readjusting Shanghai's industrial setup. We must further invigorate the enterprises, especially the state-run large and medium-sized enterprises. At the same time, we must study measures on how to closely integrate science and technology with production. He pointed out: Right now, the Shanghai Municipal Government is making preparations to set up a general office aimed at combining all the scientific and technological forces in Shanghai to bring into full play Shanghai's favorable conditions in developing the export-oriented economy.

Zhejiang Cadres Allowed To Contract Business
*OW180640 Beijing XINHUA in English 1245 GMT
17 Mar 88*

[Text] Hangzhou, March 17 (XINHUA)—Party and government cadres in east China's Zhejiang Province are now allowed to contract business through public bidding.

Previously the practice had been banned.

The decision permits cadres who are involved in contracts to maintain their official posts and wages.

Party and government departments are currently plagued with overstaffing.

Many university graduates do not have enough to do and are underemployed while many managers and scientists are seeking opportunities.

Nine Fake Visa Users Stopped in Hangzhou
*OW171224 Beijing XINHUA in English 0237 GMT
17 Mar 88*

[Text] Beijing, March 17 (XINHUA)—Nine people who tried to use fake papers to leave the country were stopped at the airport in Hangzhou, the capital of Zhejiang Province, on Sunday, the "CHINA DAILY" reported today.

Their leader, an overseas Chinese from the Federal Republic of Germany who has a valid passport and visa, was also apprehended before boarding a plane bound for Hong Kong.

An officer at the Hangzhou frontier defence inspection station discovered fake visas in Li Yizhong's Thai passport on Sunday morning, said Zhan Naidong, deputy chief of the station.

Though Li was detained, Zhan and other officers managed not to attract the attention of other passengers in the crowded waiting hall. From their past experience, they thought he was likely to have accomplices.

As the officers were leading Li away, a young man flung a glance at them and immediately turned to go. He was stopped and his passport also proved a fake.

Seven others with falsified Thai passports and forged visas were caught later with the cooperation of customs officials.

While the departure time for the Hong Kong-bound flight was drawing closer, "we interrogated those already caught to get the identity of the man who was to lead them out," Zhan said.

"We know from experience that such cases usually involve a leader, and that the leader is usually difficult to catch because he usually has valid credentials."

Finally, one of the offenders confessed and Zhang Jianhong, a permanent West Berlin resident who sold the passports to the nine people, was taken into custody.

The nine people, most of them are farmers from southern Zhejiang Province, are "apparently victims of a swindle," said Zhan.

Central-South Region

Hainan Releases Capital Construction Budget
*OW180420 Beijing XINHUA in English 0259 GMT
18 Mar 88*

[Text] Haikou, March 18 (XINHUA)—Haikou, the capital of Hainan Island in south China will spend 100 million yuan in municipal works to attract more business.

Twenty-eight projects are involved, including:

—building water supply facilities with a daily capacity of 150,000 tons;

—rebuilding and widening roads at a cost of 44.71 million yuan;

—improving drainage by building five drainage lines at a cost of 11.21 million yuan;

—building new bridges including 1 costing 8 million yuan to link urban districts with Haidian Development Zone, and widening the Dongfeng Bridge in the rubber industrial zone;

—tightening management on urban sanitation with 1.5 million yuan to be spent building new sanitary facilities.

Sino-Australian Group Finds Gas on Hainan
*OW171208 Beijing XINHUA in English 0709 GMT
17 Mar 88*

[Text] Haikou, March 17 (XINHUA)—A natural gas flow with a daily output of 70,000 cu m has been discovered at an exploratory well on the outskirts of Haikou City, Hainan Island.

About 20 km from the city proper, the well—Jinfeng No. 1—was the second well jointly drilled by the Hainan branch of the China National Oil Development Corporation and an Australian company.

The contract zone for the Sino-Australian cooperation project in the depression covers an area of 2,812 sq km and four exploratory wells are planned. The other two will be drilled before September 1.

The exploration term is five years and that of cooperative production, 20 years.

Henan Governor Views Issues Affecting Reforms
*HK180147 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 17 Mar 88*

[Text] Cheng Weigao, deputy secretary of the provincial party committee and governor, attended the provincial propaganda work conference on 13 March. He stressed that the fundamental way for speeding up Henan's economic construction lies in reform. Powerful ideological and political work is needed to stimulate the reforms in order to unify people's understanding and update their concepts.

Comrade Cheng Weigao spoke on the following four topics: 1) Do we need to continue solving the problem of further concentrating forces for economic construction in Henan? 2) The most important thing in improving Henan's economy is to further determine what criterion to use in selecting and employing people. 3) It is essential to speed up the updating of ideology, understanding, and concepts in order to promote reform and construction smoothly and create an excellent social climate. 4) Firmly seize the chance presented to the interior by the coastal development strategy and accelerate Henan's economic development.

Comrade Cheng Weigao said: After the 3d Plenary Session of the 11th CPC Central Committee, the central authorities proposed that the whole party should shift its work focus. The 13th party congress again stated explicitly that economic construction must be the core of the party's basic line. Of course, we in Henan have indeed shifted our work focus. The great majority of the cadres are devoting efforts wholeheartedly to the economy and the reforms. However, is the problem of regarding economic construction as the core completely resolved? Are all our cadres concentrating all efforts on economic construction? The fact is that this is by no means the case. Many cadres, especially many leading cadres, cannot concentrate their efforts on economic construction and reforms. Instead, they are devoting great efforts to handling various contradictions and frictions and to balancing human relations. Many cadres want to carry out reforms, but dare not do so. They want to accomplish something, but dare not work hard at this with uninhibited vigor.

Comrade Cheng Weigao analyzed the reasons for this phenomenon. He said that first, in places where efforts are not concentrated, the problem in most cases is that too much of the leadership groups' energy is wasted on internal disputes and these groups are not united or coordinated. Second, the problem is that the idea of regarding economic construction as the core has not yet penetrated into people's minds. There is a lack of complete atmosphere and public opinion for reform. Nor has a social climate of support for reforms and construction completely formed. Third, it is a fact that certain people think too much about people and not about things. As a result, men of action cannot defend themselves effectively. They go about in fear and trepidation and are unable to stop even though they want to.

These three problems actually comprise a waste of energy that affects our economic development. Unless this is eliminated, people who want to get things done cannot act with uninhibited vigor, and the economy cannot be invigorated.

Comrade Cheng Weigao stressed that the most important thing in improving Henan's economy is to further improve the selection and employment process. He said that, generally speaking, we must continue to adhere to the criterion of four transformations. However, in view of current problems in this respect, we must stress true practicality in selecting and employing people. We must integrate management of the cadres by the party with democratic supervision by the masses. We must further resolve the issue of how to view and evaluate people.

Comrade Cheng Weigao spoke on emancipating the mind, updating concepts, and creating an excellent social climate for reforms. He said that the key to emancipating the mind and updating concepts lies in the cadres. And in emancipating the minds and updating the concepts of the cadres, the main thing to do is to resolve the problems of mental and ideological outlook among those cadres who are content with the status quo and make no attempt to advance, whose minds are closed and whose thinking is conservative, who are not interested in pioneering, and who float on the surface instead of going deep into reality. Unless our cadres are emancipated from these ideological concepts and mental outlook, it is impossible to achieve breakthroughs in reform and invigoration of the economy.

Comrade Cheng Weigao repeatedly stressed that in grasping ideological work, efforts must be centered on economic work. In grasping economic work, it is essential to do ideological work. He also gave his views on spiritual civilization and on stabilizing the propaganda work force.

Henan Meeting Discusses Foreign Trade Reforms
*HK180217 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 17 Mar 88*

[Text] A provincial conference on reforming the foreign trade setup recently concluded in Zhengzhou. Vice Governor Qin Kcai said that the basic goals in this reform are to take responsibility for one's own profit and loss, lift restrictions on operations, integrate industry and trade, and promote the agency system.

As a result of wide-ranging and lively discussions, the participants realized unanimously that to achieve relatively rapid development of Henan's economy, it is essential to follow the path of two great circles—that is, on the one hand we should work hard to break into the international market, and on the other, we should strive to enter the coastal markets. We should import capital and technology from these two sources, with the aim of improving the province's technology and exporting to the world, to earn more foreign exchange for developing the province's economy.

The basic content of foreign trade reforms in Henan is to fully implement the foreign trade contracted-management-responsibility system. The provincial government will undertake contracts for the State Council involving export plans and base figures of foreign exchange earnings, foreign exchange turnover to the state, and export subsidies. The provincial Foreign Economic Relations and Trade Commission will be responsible for general contracting for foreign exchange earnings that exceed the base figure. Financial accounts will be kept in a unified way, operations will be comprehensive, and units will be responsible for their own profit and loss. The provincial Foreign Economic Relations and Trade Commission will, on behalf of the provincial government, contract the relevant targets to the people's governments of the prefectures and cities, the provincial and central foreign trade enterprises, export base enterprises, and the provincial departments and bureaus concerned.

Restrictions on Hubei Employment Relaxed

*HK180131 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 15 Mar 88*

[Excerpts] In their 9 March circular on suggestions for further promoting the relaxation of restrictions on the employment of scientific and technical personnel, the provincial party committee and provincial people's government noted: Relaxing restrictions on the employment of scientific and technical personnel is an important link in deepening the scientific and technical structural reform. It is also an important strategic policy decision aimed at revitalizing the national economy.

The provincial party committee and provincial people's government have put forward 11 suggestions for further promoting the relaxation of restrictions on the employment of scientific and technical personnel.

First, it is imperative to formulate plans for relaxing restrictions on the employment of scientific and technical personnel. According to the decision made by the provincial party committee and provincial people's government, on the premise of stabilizing and giving full play to the role of those scientific and technical personnel on the industrial and agricultural production front as well as those in remote border and mountain areas, a total of 40,000 scientific and technical personnel will be transferred from the province's scientific research units, colleges and universities, party and government organs, and enterprises to various major economic construction fronts this year. These scientific and technical personnel will be engaged in providing technical services; operating contracted enterprises; leasing medium-sized and small enterprises as well as township and town enterprises; managing rural village-level plantations, breeding farms, and processing industries; and setting up large numbers of scientific and technical-type economic entities under different types of ownership.

Second, it is imperative to recommend, select, and appoint people as county government vice governors and city government vice mayors in charge of science and technology. [passage omitted]

Third, in the first half of this year, each of the eight cities under the jurisdiction of the provincial people's government should send a group for developing science and technology to the poor mountain areas, counties, and cities under the jurisdiction of the Xiangfan City Government; the Exi Autonomous Prefectural Government; the Yunyang, Yichang, and Xianning Prefectural Governments; and the Shennong forest region.

Fourth, we should give full play to the roles played by retired scientific and technical personnel. We should actively encourage and warmly support them to bring their professional and special skills into full play through participation in contracted technical undertakings and technical services.

Fifth, we should allow party and government organs' scientific and technical personnel, including those who hold leading posts, to resign in order to operate and lease contracted medium-sized and small enterprises, township and town enterprises, and all types of scientific and technical-type economic entities.

Sixth, we should allow scientific and technical personnel to have part-time jobs in their spare time. [passage omitted]

Seventh, we should give priority to solving problems regarding the arrangements of specialized technical posts for those scientific and technical personnel who have made outstanding contributions to promoting economic construction and social development. [passage omitted]

Eighth, we should implement strictly the terms of all contracts. [passage omitted]

Ninth, we should establish centers for providing information about qualified personnel and carry out the system of compensatory payment for the use of services.

Tenth, we should establish a system for making regular assessments of relevant performances and a system for giving awards to progressives. [passage omitted]

Eleventh, we should strengthen leadership over the work of relaxing restrictions on the employment of scientific and technical personnel, and formulate concrete measures as well as create favorable conditions for relaxing such restrictions.

Southwest Region

Local Regulations Lower Sichuan Birth Rate *OW171150 Beijing XINHUA in English 0812 GMT 17 Mar 88*

[Text] Chengdu, March 17 (XINHUA)—The birth rate in China's most populous Province of Sichuan has dropped thanks to new local regulations on birth control.

The number of births last year was 1.72 million, 140,000 lower than in 1986.

As a result the birth rate declined from 18.17 to 16.79 per thousand and the natural population increase rate fell from 11.74 to 10.34 per thousand.

Both rates are lower than the national average.

In 1986 the province, which has a population of 100 million, recorded 1.86 million births, 540,000 more than in 1985.

The provincial government decided to tighten legal actions on birth control. By last July regulations were in place and birth control service centers around the province also improved their work to give more guidance to people.

Lhasa Development Accomplished With State Funds
OW180342 Beijing XINHUA in English 1227 GMT 17 Mar 88

["Urban Construction Makes Lhasa Better Place To Live"—XINHUA headline]

[Text] Lhasa, March 17 (XINHUA) — Tibetan religious believers used to trudge in the mud to recite scriptures round the Jokhang Temple in Lhasa.

But now they can walk on granite and asphalt road on the 600-meter-long Bajiao (octagonal) Street to recite scriptures.

Now a reservoir with a daily supply of 15 million liters of water has freed people of this capital of Tibet Autonomous Region from the burden of carrying water from the river.

Children can spend their leisure time at the newly-built children's activity center.

Since 1979, the state has spent large sums of money rebuilding the streets and roads in Lhasa and now most of the city's streets have been rebuilt; granite and asphalt roads reach 60 km, said an official of the Lhasa City Government.

By the end of 1987 the state had allocated 26.6 million yuan to build and rebuild houses with a floor space of 130,000 square meters for the city's residents, and more than 2,000 families have moved into new houses, the official said.

With a history of 1,300 years, Lhasa is the political, economic, cultural and religious hub of Tibet. It used to be a small town with no highways or factories except for some small workshops. The city proper used to be two square kilometers large, where there was a population of 30,000.

Now, with a population of 120,000 and the area of the city proper expanded to 34 square meters, Lhasa has developed into a modern city with new hotels, theaters, hospitals, the children's activity center and an art gallery.

North Region

Imported Technology Aiding Beijing Industries
OW180550 Beijing XINHUA in English 1323 GMT 17 Mar 88

[Text] Beijing, March 17 (XINHUA) — Several billion U.S. dollars worth of imported technology and equipment have been pumped into Beijing industries over the past decade, a municipal official told XINHUA today.

About 1,400 items of technology involving 1.34 billion U.S. dollars have been introduced and 261 foreign-funded enterprises set up with a total investment of 3.45 billion U.S. dollars.

Nearly half of the new businesses are in production.

The official said 43 percent of the city's textile enterprises have been technically renovated with 140 pieces of imported equipment.

Nei Monggol Democratic League Congress Opens
SK180530 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 16 Mar 88

[Excerpts] The second congress of the Nei Monggol Regional Committee of the China Democratic League opened in Hohhot on 16 March.

The major items on the agenda of the congress are to hear, examine, and discuss the work report of the First Nei Monggol Regional Committee of the China Democratic League; and to elect the regional delegates to the league's sixth national congress.

Lin Hengyuan, Standing Committee member of the national CPPCC Committee and vice chairman of the Advisory Committee of the China Democratic League Central Committee, attended the congress, where he delivered the China Democratic League Central Committee's congratulatory speech.

Qian Fenyong, Zhou Beifeng, Zhang Hangong, Wu Ligeng, Han Ming, and Baoyan Batu; leading comrades of the regional party committee, the regional People's Congress, the regional government, and the regional CPPCC Committee; and responsible persons of the regional democratic parties and the universities and colleges in Hohhot City extended greetings at the congress.

On behalf of the regional party committee, Comrade Qian Fenyong made a congratulatory speech at the congress. [passage omitted]

Li Shuyuan, vice chairman of the regional CPPCC Committee and member of the regional committee of the China Democratic League, gave a work report at the congress on behalf of the first regional committee of the China Democratic League.

Northeast Region

Northeast Economic Zone Performance Detailed

SK180559 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 17 Mar 88

[Text] The statistics and information center of the Northeast Economic Zone sponsored a press conference in Shenyang City on 17 March.

During the conference, (Yang Yuanzhi), spokesman of the Northeast Economic Zone, made public before the correspondents of journalist units stationed in Shenyang the major statistical data of industry, agriculture, commerce, capital construction, foreign trade, and of the people's livelihood. He also answered correspondents' questions.

During the conference, (Yang Yuanzhi) stated: The Northeast Economic Zone realized 145.4 billion yuan in its gross national product in 1987, a 9.9 percent increase over the 1986 figure. Of this national product, that of Liaoning Province reached 66.5 billion yuan, a 9.5 percent increase over the 1986 figure. The economic zone's national income in 1987 reached 122.2 billion yuan, a 9.5 percent increase over the 1986 figure. Of this income, that of Liaoning Province reached 56 billion yuan, a 9.5 percent increase over the 1986 figure.

In 1987 the Northeast Economic Zone realized 199.6 billion yuan in its total industrial and agricultural output value, an 11.5 percent increase over the 1986 figure.

Judging from a series of statistical data, the correspondents discovered that the Northeast Economic Zone had maintained a good trend of development in the national economy. However, there are still problems that cannot be ignored. The problem in which the general social demand surpasses the general supply has not been dealt with. The market scope of price hikes is broad and the extent of price hikes is larger. A number of commodities, particularly pork and sugar, are in short supply. A number of urban residents actually suffered a drop in their incomes. The correspondents also noticed that the Liaoning Province's total industrial and agricultural output value had dropped from third place in the country to the present fifth place. Of the three provinces of northeast China, the total product of society, the gross national product, and the national income of Liaoning Province is lower than that of Jilin Province.

In 1987 the Northeast Economic Zone showed a large-scale decrease in the volume of raising hogs. By the end of 1987, the number of hogs reached 21 million, a 3 million-head and 12.5 percent decrease over the 1986 figure. Of this decrease, Liaoning Province accounted for 18 percent.

Heilongjiang's Sun Speaks at Study Meeting

SK180726 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 12 Mar 88

[Text] The provincial party Standing Committee held its enlarged meeting in Harbin City on 5 March and on the afternoon of 9 March. During the meeting, the participating comrades earnestly studied and discussed the 1988 No 1 Document issued by the central authorities. After separately reading the document and with the province's actual situation in mind, they discussed the economic situation and the economic work of 1988, and studied Comrade Zhao Ziyang's speech on the strategy of developing the economy along the coastal areas and his speech at the national forum of responsible comrades from various provinces and cities.

Attending the meeting were members of the provincial party Standing Committee; vice governors of the province; principal responsible comrades from the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial CPPCC Committee, and the provincial Discipline Inspection Commission; and responsible persons from the provincial level departments concerned.

The participating comrades held earnest discussions in line with the issues of further emancipating minds, promoting the deepening of reforms, emancipating productive forces, and of promoting the development of the commodity economy.

Comrade Sun Weiben, secretary of the provincial party committee, delivered a speech in which, referring to the economic situation, he stated: We have earnestly pointed out the gaps while acknowledging the achievements. In conducting economic work, our province has made progress in fulfilling the state assignments. However, it lags far behind in the economic field when compared to fraternal provinces and municipalities. The main indicator in this regard is that we are behind in conducting reforms. In conducting reforms, we were not late in consciousness but took slow action and neglected to sufficiently implement the drive to conduct reforms. The situation after the central authorities issued the economic strategy for the coastal areas has spurred us on. Our purpose in seeking the gap is not to find out who is responsible for the result but is to look toward the future and to enhance the sense of emergency, crisis, and responsibility. Efforts should be made to seize the opportunity and make overall reforms in order to rapidly make the province prosperous.

In referring to further emancipating minds in his speech, Comrade Sun Weiben stated: The premise in deepening reforms is to further emancipate minds. The central task in emancipating minds is to define the standard of productive forces. In carrying out the mass discussion of emancipating minds and setting up the standard of productive forces, the discussion must be held in a good down-to-earth manner and be deepened step by step. The provincial party committee will also tell the people

what its real intentions are in this regard. We should boldly do what has been favorable to the development of productive forces. We should also resolutely resist those that have hindered the development.

We should follow the road of Guangdong Province in implementing the policies of the central authorities in a flexible and satisfactory manner. Bearing in mind the actual local situation, we should implement the policies in a creative way. We should resolutely and boldly do what has been approved by the central authorities. By proceeding from developing productive forces, we should boldly explore and experiment with policies that have not been acknowledged by the central authorities. Problems cropping up in practice should be resolutely corrected. For the time being, measures that have not proved perfect should be continuously enforced while experimentation goes on. We should summarize the experience gained in the experiment, improve the measures through practice, and continuously upgrade the standards. On the premise of not violating the spirit of the central authorities' policies, the provincial authorities, prefectures, cities, and counties may formulate concrete regulations and plans with a more flexible nature. We should relax control over the regulations and rules which are favorable to developing productive forces and make appropriate changes in enforcing those regulations and rules that can be adapted. We should apply in a flexible way regulations and rules that can be flexibly used. In the course of mass discussions, we should examine the existing policies and put forward opinions on readjustment on the basis of upgrading our understanding. We should rapidly change the practice in which so many policies are copied or transferred from higher authorities and so few of them are flexible enough to be adapted. We should also rapidly change the practice of using so many policies copied from others rather than those that have been created by the localities themselves.

The provincial-level departments are the working and advisory bodies of the provincial party committee and the provincial people's government. They should earnestly implement the decisions and intentions of the provincial party committee and the provincial people's government. They should actively advise the party committee and the government. By no means should they be only administrative personnel nor frequently exercise their veto power.

In referring to making a breakthrough in the reforms of 1988 in his speech, Comrade Sun Weiben emphatically put forward the following tasks:

1. Efforts should be made to accelerate reforms in the political system. In line with the principle of first establishing the wanted units and then disbanding the duplicated ones, the provincial-level organs should first reform the political system.

2. Efforts should be made to deepen enterprise reforms. First of all, we should enliven the large and medium-sized enterprises and put the work emphasis on deepening or improving reforms, on integrating reforms with other programs, and on developing business responsibility systems. We should regard such an emphasis as a long-term policy and uphold the policy in the future. Meanwhile, we should integrate the work emphasis with the plant director or manager responsibility system and the system under which the plant director or manager holds responsibility for the attainment of certain objectives. We should orient competitive and risk-taking mechanisms onto enterprises and further relax control over small enterprises. Efforts should be made to actively enforce the systems of inviting tenders, signing contracts, and conducting auctions and leases.

3. Efforts should be made to further delegate power to grass-roots-level units and to have enterprises be managed by local authorities.

4. A good job should be done in deeply conducting reforms in rural areas.

5. Efforts should be made to further relax control over scientific and technological personnel. Efforts should also be made to accelerate the pace of turning scientific and technological results into productive forces at present.

6. Efforts should be made to establish the districts of various forms in charge of conducting business reforms;

7. Efforts should be made to further develop individually run and private enterprises in both urban and rural areas.

Referring to the strategy of economic development in the coastal areas in his speech, Comrade Sun Weiben stated: The strategy put forward by Comrade Ziyang on economic development in the coastal areas has a vital bearing on the development of the national economy as a whole. Certainly, it will have a considerable influence on the future development of the province's economy. It has not only provided favorable circumstances for development but also set forth new tasks.

In discussions at the meeting, some comrades advocated opening to the outside world in all directions and joining in national and international economic cycles. I agree with these opinions. We should actively join in the large international economic cycle and willingly be second-hand dealers in commodity circulation.

In his speech Comrade Sun Weiben stated: To have various works in the province achieve marked progress in 1988, to bring about a change in the standard to the average, and to ensure that the province's work will reach a new level, we must realistically improve our workstyle and methods. Additionally, we should work boldly, stress dealing with concrete matters relating to work, and vigorously publicize good examples.

In his speech Comrade Sun Weiben urged leading cadres at all levels to work selflessly for the public interest; to think wholeheartedly about the interest of the masses; to vigorously develop honest and upright morale in order to enable the party committees to be cohesive and the governments to be authoritative; and to lead the vast number of people to build Heilongjiang into a province with stable politics, prosperous economy, and wealthy livelihood.

Liaoning People's Congress Meeting Ends
SK180539 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 17 Mar 88

[Text] The second meeting of the seventh provincial People's Congress Standing Committee concluded on 17 March. During the fourth plenum of the meeting on the afternoon of 17 March, the participating members discussed and approved the regulations of the Fuxin Monggol Autonomous County and of the Harqin Left Wing Monggol Autonomous County and the resolution on doing a better job in opening Liaodong Peninsula to the outside world. They also approved some personnel changes.

In line with the appointment made in the meeting of the chairman and vice chairmen of the provincial People's Congress Standing Committee, the meeting approved (Shang Derui) as director, concurrent post, of the research office under the provincial People's Congress Standing Committee; Zhang Jiufu as chairman, concurrent post, of the Legislative Affairs Committee; (Peng Yuanchun) as chairman, concurrent post, of the Rural Economic Committee; Ren Junguo as chairman, concurrent post, of the Personnel Affairs Committee; Jia Zhigong as vice chairman, concurrent post, of the Personnel Affairs Committee; and (Wang Ling) as vice chairman of the Rural Economic Committee.

In line with the appointment submitted by Governor Li Changchun, the meeting decided to appoint (Sun Yukun) secretary general of the provincial people's government; Zhu Jiazhen chairman, concurrent post, of the provincial Planning and Economic Commission; Ji Zhong chairman of the provincial Scientific and Technological Commission; Wen Yuchao director of the provincial Judicial Department; Dong Xu director of the provincial Labor Affairs Bureau; (La Xinmin) chairman of the provincial Nationalities' Affairs Commission; (Zhou Xiangqun) director of the provincial Price Bureau; (Zhang Benguo) director of the provincial Statistical Bureau; (Guo Gan) director of the provincial People's Air Defense Office; Sun Guoming director of the provincial Supervision Department; (Zheng Hua) director of the provincial Forestry Department; Wang Dajun director of the provincial Town Enterprise Administration Bureau; (Sun Zhentao) director of the provincial Material Supply Bureau; Wang Zerun director of the provincial Metallurgical Industry Department; (Han Zhishun) director of the provincial Light Industry Department; Xia Weiliang director of the provincial Textile Industry Department; (Lian Chengzhi) director

of the provincial Communications Department; Gao Chenghe director of the provincial Financial Department; Dong Yantao director of the provincial Commercial Department; (Nan Xuezhao) director of the provincial Grain Bureau; (Li Baosen) director of the provincial Industrial and Commercial Administration Bureau; Wang Chunshan chairman of the provincial Education Commission; (Wang Guoda) director of the provincial Cultural Department; (Jin Yanwu) director of the provincial Publication Bureau; Wang Zimin director of the provincial Public Health Department; Yang Kuifu chairman of the provincial Family Planning Commission; Li Xiaosheng chairman of the provincial Physical Culture and Sports Commission; and Li Xishun director of the provincial Foreign Affairs Office.

In line with the promotion proposals submitted by the chief procurator of the provincial People's Procuratorate, the meeting decided to appoint (Zhang Fuli) chief procurator of the Shenyang City People's Procuratorate; (Zhang Benjin) chief procurator of the Dalian City People's Procuratorate; (Pang Runhuan) chief procurator of the Anshan City People's Procuratorate; (Zhang Qihou) chief procurator of the Fushun City People's Procuratorate; (Ma Kuiming) chief procurator of the Benxi City People's Procuratorate; (Fan Chi) chief procurator of the Dandong City People's Procuratorate; (Li Xitian) chief procurator of the Jinzhou City People's Procuratorate; (Wu Zhaolin) chief procurator of the Fuxin City People's Procuratorate; (He Bo) chief procurator of the Yingkou City People's Procuratorate; and (Guo Zhimin) chief procurator of the Liaoyang City People's Procuratorate.

Northwest Region

Xinjiang Official Criticizes Greeting Leaders
HK171546 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 15 Mar 88

[Text] In his talk with reporters at midday today on some local cadres' unhealthy practice of greeting and seeing leaders off, Tuohuti Shabier, vice chairman of the autonomous regional people's government, indignantly said: I do not like this practice. It is our duty to make trips to the grass-roots units to study work there. However, some local cadres have the bad habit of sending cars to greet and see leaders off. They always ask for police cars to clear the way for visiting leaders and always organize a motorcade including high-grade limousines on such occasions. [passage indistinct]

When Vice Chairman Tuohuti Shabier inspected work in south Xinjiang in July last year, some local leaders drove several hundred li to the outer edges of their districts to greet him on his arrival. They did the same when the vice chairman departed.

In his talk with leaders of a district, Vice Chairman Tuohuti Shabier said: Is it not true that you always send reports to higher authorities to complain about not having enough cars and about the shortage of gasoline? What is the point of making these long journeys? We are all comrades. It is not necessary for you to do so. When I visit your district again, it will be quite enough for you to greet me at the entrance of the guesthouse.

When Vice Chairman Tuohuti Shabier left Urumqi and revisited the district to inspect work there, after an interval of several months, he was greeted by the district's responsible comrades at the entrance of the local guesthouse.

The vice chairman said: It seems that if leading cadres resolutely oppose this unhealthy practice, no one will support it. We should formulate clear-cut stipulations in this regard.

Direct Sports Exchanges With Taiwan Urged
HK171321 Beijing ZHONGGUO XINWEN SHE
in Chinese 0744 GMT 16 Mar 88

[Report by Ling Hongjun (0407 1347 0193): "When Will the Two Sides of the Strait Begin Their Direct Sports Exchange?"]

[Text] Beijing, 16 Mar (ZHONGGUO XINWEN SHE)—Many Taiwan people have appeared on television and in song concerts on the mainland. Now, people are yearning for direct exchanges between athletes from both sides of the Taiwan Strait, but this has not yet been realized. What is the crux of this problem?

Reportedly, the softball association of Taiwan intended to accept the invitation from its counterpart on the mainland to send a softball team to participate in the international women's softball invitational tournament in May this year. However, the "Executive Yuan" of Taiwan did not approve this for a long time. The sports circles in Taiwan therefore generally hold that there is "little" possibility that this plan will be realized.

A noted Taiwan figure, Ying Changqi, planned to sponsor a world professional go championship; go players from both the mainland and Taiwan will participate in the contest. However, due to the political obstacles between the two sides of the strait, the championships can only be held in a third Asian city.

Sports exchanges between the two sides at a third place began long ago. The Chinese women's volleyball team met the Taiwan team in a contest 8 years ago in the United States. Frequent sports exchanges have broken the barriers caused by different political opinions and social systems and have promoted greatly the feelings of kinship. It is a pity that direct sports exchanges still cannot be realized due to some artificial obstacles.

According to reports by Taiwan newspapers, the senior officials of the KMT [Kuomintang] and the Taiwan "government" have been discussing the issue of lifting the ban on direct sports exchanges. However, nothing has been achieved in these discussions.

What is the crux of this deadlock? According to some analysts, the Taiwan authorities have not adopted a satisfactory pattern for such exchanges. In fact, the "Olympic pattern" that the Taiwan authorities have long accepted is so far the best pattern. In the name of "Taipei, China," or in the name of other cities in Taiwan, or in the name of any Taiwan unofficial sports association, Taiwan athletes can visit the mainland and participate in contests. This is no different from participating in any international sports activities in the name

of "Taipei, China." Taiwan has long accepted the pattern of participating in international sports events in the name of "Taipei, China." Why did they hesitate at direct exchanges with the mainland?

China is a sports power in Asia. It has reached the world's advanced level in some sports. Direct sports exchange with the mainland will certainly benefit Taiwan. Yuan Weimin, the famous Chinese volleyball coach, told Taiwan reporters in Guangzhou late last year that more exchanges will help improve skills. For example, our ping-pong level is higher, and they (Taiwan athletes) can improve their skills if they have more ping-pong exchanges with us.

Taiwan also reached a remarkable level in some sport, such as youngsters' baseball, girls' tennis, women's football, and Taikunto. Mainland athletes can also learn a lot from Taiwan athletes in these areas. Direct exchanges will benefit both sides, so why not carry out direct exchanges?

As mentioned above, the Taiwan softball circles' plan to send a team to participate in the mainland tournament is related directly to their plan to hold another international women's softball tournament in November this year. The host of a formal international contest must not show discrimination against any members of relevant international sports organizations. China now has membership in most international sports organizations. If Taiwan wants to hold any influential international sports events, it is hard to refuse the participation of mainland teams. There will therefore be many disadvantages for Taiwan if it continues to prohibit direct sports exchanges with the mainland.

It is gratifying that people of insight in the sports circles on both sides of the strait are making unremitting efforts to set up direct sports exchanges. This year is an Olympic year, and people will see that athletes from both sides will participate in the same events and join hands in winning honor for the Chinese nation. People are yearning ardently for direct sports exchanges between the two sides before the Olympics. All conditions for this already exist. What is needed is the determination of the Taiwan authorities.

Correction to Representatives Fight Retirement

The following correction pertains to the item headlined "Senior Taiwan Representatives Fight Retirement," published in the 17 March China DAILY REPORT, page 52, column one:

Make sourceline read: HK171115 Beijing ZHONGGUO TONGXUN SHE in Chinese 0802 GMT 16 Mar 88 (changing name of press agency)

First paragraph, line one, make read: [Text] Hong Kong, 6 Mar (ZHONGGUO TONGXUN SHE)—Recently, many people.... (adding dateline)

Legislators Form Body for Peace With China
*HK181127 Hong Kong AFP in English 1116 GMT
18 Mar 88*

[Text] Taipei, March 18 (AFP)—Fifteen Taiwan legislators Friday set up a committee to promote peace between Taipei and Beijing which would allow all Chinese to live in "peace and freedom," a committee member said.

"We sincerely ask the Taipei government to break its timid three no's policy and we urge Communist China to abandon its military threat against the island," Lin Shih-chi told reporters.

"The two governments should endorse an equal truce to end 40 years of hostility across the Taiwan Strait and "return peace and bring freedom to the people," he said.

Military buildup by both sides over the past 40 years had sacrificed the people's freedom to live without fear and political confrontation "has dimmed people's hopes to share their lives with their kin," he added.

"We should create mutual well-being in a future without war or political threats," Mr. Lin said.

The Taipei Government insists on "no contact, no talks, no compromise" with Beijing, but allows indirect trade and civilian contacts between Taiwanese and mainlanders.

It also lifted a ban on travel to visit relatives on the mainland last November.

The 15 legislators also urged authorities to allow all Taiwanese to travel to China and permit academic, cultural and athletic exchanges.

Cabinet Approves Nationwide Clemency Bill
OW180421 Taipei CNA in English 1457 GMT 17 Mar 88

[Text] Taipei, March 17 (CNA)—The Cabinet Thursday approved a nationwide clemency program in memory of the late President Chiang Ching-kuo.

Justice Minister Shih Chi-yang told the press Thursday that over 4,000 convicts, including those convicted for corruption charges, are expected to be released through the clemency program, effective from April 22.

The bill, jointly drafted by the Justice and National Defense Ministries, will shortly be submitted to the Legislative Yuan for approval.

The bill will substitute life imprisonment for those sentenced to death. Those sentenced to life imprisonment will have their sentences commuted to 15 years or less, and those sentenced for a definite period will have their jail terms cut by half.

Those convicted for sedition and for serious corruption, as well as those convicts who benefited from a 1987 clemency program accompanying the lifting of the Emergency Decree, are not to be included in the current clemency program.

Yu Orders Study of Alleged Radioactive Fallout
OW180447 Taipei CNA in English 1535 GMT 17 Mar 88

[Text] Taipei, March 17 (CNA)—Premier Yu Kuo-hua Thursday instructed the Atomic Energy Council (AEC), together with the Ministry of Economic Affairs, to organize a special committee to make an in-depth study of the alleged radioactive fallout around the first nuclear power plant in Chinshan, Taipei County.

The premier instructed in Thursday's cabinet meeting that the ad hoc committee be composed of authoritative experts and scholars from home and abroad, and that the committee submit a detailed report after a careful study and assessment of the operation, maintenance, management, and safety measures of the nuclear power plant.

Yu asked the Taiwan Power Co. [Taipower], under the supervision of the Ministry of Economic Affairs and the Atomic Energy Council, to correct any power plant weaknesses that might be identified by the ad hoc committee.

In addition, Yu instructed the AEC to provide instruments and equipment for local nuclear experts to monitor nuclear radioactivity at the three nuclear power plants of the Republic of China.

If the reports of radioactive fallout are proven true, responsible Taipower personnel should be punished, Yu stressed.

If the reports of fallout in the mass media are mere rumors, the premier said, Taipower should quickly make public the truth. If the fallout reports are true, Taipower should also admit it to the public while making immediate corrections so as to allay the fears of local residents, he added.

Premier Yu's instructions came after a recent spate of mass media reports about the management shortcomings at Taipower's nuclear power plants. Several legislators have also made interpellations on the controversial matter.

Quick to respond to Premier Yu's instructions, Yen Chen-hsing, AEC chairman, held a press conference in the afternoon, announcing the formation of the ad hoc task force.

The special committee comprises 10 local nuclear experts and scholars and a group of internationally-famed atomic experts. The names of the foreign experts will be announced next week, Yen said.

Delegation To Attend ADB Meeting in Manila
*HK181254 Hong Kong AFP in English 1241 GMT
18 Mar 88*

[Text] Taipei, March 18 (AFP)—Taiwan said Friday it will send a delegation to the Asian Development Bank (ADB) board of governors' meeting in Manila next month, ending a two-year boycott of ADB activities.

Foreign Minister Ding Mou-shih made the announcement in the Legislative Yuan, but added that the move did not mean that Taiwan accepted the name "Taipei, China" by which it is known in the ADB.

Taiwan boycotted ADB activities in 1986 and 1987 after the bank unilaterally renamed it "Taipei, China" following the admission of mainland China.

Taiwan regarded the move as a downgrading to local government status. The island's Nationalist Government rejects Communist Party rule on the mainland and claims to be the legitimate ruler of all China.

Observers said Friday's announcement followed pressure from academics and legislators—including some Nationalist politicians—for Taiwan to resume taking part in ADB activities.

ADB governors meet April 28-30 in the Philippine capital.

Farmers Protest U.S. Agricultural Dumping
OW172059 Taipei International Service in English
0200 GMT 17 Mar 88

[Text] Taipei witnessed the first anti-American demonstration since 1979 Wednesday when thousands of angry farmers from across the island gathered in front of the American Institute in Taiwan [AIT]. They were protesting against increasing U.S. pressure on the ROC [Republic of China] to open up its agricultural market.

The largest in scale in recent years, the demonstration was sponsored by the Preparatory Association for the Provincial Union for Promoting Farmers' Rights and attended by farmers from 13 cities and counties.

Converging on the crossroads of Hsin Yi Road and Chien Kuo South Road at 1000, the demonstrating farmers resulted in a standstill in the downtown traffic nearby. (Three) farmers' representatives entered the AIT and lodged a protest, charging the United States for dumping agricultural goods into the island and denying the country a reasonable period to adjust its agricultural policy. The farmers took strong exception, in particular, to the government's giving in to U.S. pressure at the cost of their interests.

Later on, the demonstrators also went to the Board of Foreign Trade and the headquarters of the ruling Kuomintang Central Committee calling on authorities concerned to better protect their well being.

KMT, DPP Reach Consensus on Constitution

OW180411 Taipei CNA in English 0249 GMT 18 Mar 88

[Text] Taipei, March 18 (CNA)—Ranking officials of the Kuomintang [KMT] and the "Democratic Progressive Party" [DPP] held another round of "dialogue" between them Thursday in Taipei.

Representatives of the two sides reached a consensus on both the Constitution and national system of the Republic of China during the meeting. They also exchanged views on a wide range of issues, mostly concerning the local political situation.

Liang Su-jung, deputy secretary-general of the KMT Policy Coordination Committee, said many newly established political groups have begun to conduct various political activities following the lifting of the emergency decree by the government.

He said, however, that all political bodies, while striving for the common goals of national recovery and national development, should put "national interests first" in their minds by unanimously recognizing the ROC's name, flag, anthem and calendar system.

Furthermore, he said, all political groups should strictly observe both the Constitution and the temporary provisions effective during the period of communist rebellion, and should not advocate the fragmenting of national territory.

He noted that all political activities should be legal and reasonable, not going beyond the bounds of social mores.

Expressing his disagreement with a "DPP" plan to send people to "inspect" the homes of several senior central parliamentarians on March 29, Liang asked the "DPP" to cancel the plan because the action would infringe upon other people's freedoms and slander their names.

The "DPP" officials assured Liang that they would fully control the March 29 activities, even as they stressed the need for overall parliamentary reforms.

Liang warned of the possible adverse effects on political stability if the "DPP" was to launch the demonstrations in desperation.

Other topics discussed during the meeting included the convening of a national political conference, a plan to visit President Li Teng-hui by members of the National Assembly "DPP" caucus, an amnesty for political prisoners and the reinstatement of the civil rights, a general parliamentary election, the nation's foreign exchange reserves and the expansion of the clemency program.

Other KMT members participating in the meeting included Hsu Sheng-fa, deputy secretary-general of the KMT Policy Coordination Committee; National Assemblyman Lin Chiu-shan; and Professor Li Chang-kui of National Taiwan University; the "DPP" was represented by Fei Hsi-ping, Hsu Jung-shu, Chang Chun-hsiung, Chou Ching-yu and Chen Shui-pien.

Hong Kong

Legislative Council Accepts White Paper *HK180735 Hong Kong SOUTH CHINA MORNING POST in English 18 Mar 88 p 1*

[Text] The Government's White Paper on political reform was overwhelmingly accepted after a record 16-hour debate ended last night in the Legislative Council [Legco].

Despite senior member Miss Lydia Dunn's appeal for unity at the beginning of the two-day debate, yesterday's session was charged with highly personal attacks.

Legislators Mr Martin Lee Chu-ming and Mr Szeto Wah suffered a defeat when their amendments to denounce the Government decision on direct elections to the legislature were soundly defeated.

In an unprecedented move, Mr Lee requested and was granted a division where a verbal count was taken on his amendment that the council "regrets the Government's decision not to introduce partial direct elections to the Legislative Council in 1988".

It was lost as 42 of the 50 councillors present, including the 10 civil service members, rejected his amendment.

Only six of Mr Lee's colleagues, Mr Jackie Chan Kai-keung, Mr Hui Yin-fat, Dr Conrad Lam Kui-shing, Mr Desmond Lee Yu-tai, Mr Pang Chun-hoi and Mr Szeto Wah, supported the Lee amendment. In a surprise move, fellow democrat Dr Richard Lai abstained.

Appointed members Mrs Rita Fan and Dr Henrietta Ip, launched personal attacks on Mr Lee.

As Mr Lee rose to speak immediately after the vote count on the principal Government motion to "take note of the White Paper", about 10 councillors who voted against the amendment walked out.

Mr Szeto Wah did not call for a division after the Governor and Legco president, Sir David Wilson, had ruled that his amendment was defeated in a voice vote.

Secretary Affirms Elections

HK180737 Hong Kong SOUTH CHINA MORNING POST in English 18 Mar 88 p 5

[Text] The Chief Secretary, Sir David Ford, wound up the two-day, 14-hour marathon debate on the White Paper yesterday by affirming the government's decision to introduce direct elections to the Legislative Council in 1991.

He said: "In particular most members of this council believe it is right to introduce direct elections in 1991.

"From what I have heard, I am more than ever convinced the prudent and gradual approach we have adopted is in the best interest of Hong Kong."

He added that the government has made "a firm and unequivocal commitment" to the reform promised in the White Paper.

"The focus of our attention now should be on planning for various elections," he said, expressing gratitude for the overwhelming support in the Legislative Council to that and most other proposals in the policy document tabled last month.

The Chief Secretary, while pleading for harmony, deplored the tactics used by proponents of direct elections this year, and warned of the negative image they might have created of Hong Kong in the eyes of the world.

"The press pictures of the demonstration outside the chamber have gone around the world via the world press service and no one, inside or outside this chamber, would know for sure the effect these pictures will have," he stressed.

The Chief Secretary also refuted allegations by some councillors that the government had betrayed the interests of the Hong Kong people or had indulged in "sinister machinations where none existed".

Sir David singled out Mr Martin Lee, Mr Jackie Chan and Dr Conrad Lam for criticism, saying these councillors and their associates had cast doubt on the integrity and sincerity of the administration.

He pledged that the administration would continue reforming the government after 1991, adding that "by 1991, the Basic Law will be promulgated. The framework and structure of the SAR (Special Administrative Region) government will be known.

"It is right to take account of provisions of the Basic Law to further develop the structure of our government if we are to ensure a smooth transition to 1997.

"Many issues are still to be resolved, such as the relationship between the Executive and Legislative Councils. And these will need to be considered against the provisions of the Basic Law."

Sir David said the administration was conscious of the increasing number of people emigrating but denied that disappointment over the pace of political reform could be a major factor in the exodus.

He said one of the reasons for the wave of emigration could be that countries had relaxed quotas and restrictions on Hong Kong people seeking to live abroad.

Hong Kong respected the right of people to leave since it was one of the fundamental freedoms enjoyed in the territory.

Liu Xinwu, Zhao Adviser on Literature, Politics
HK180705 Hong Kong SOUTH CHINA MORNING POST in English 18 Mar 88 p 2

[By Terry Cheng]

[Text] Hong Kong's political system beyond the 50-year period of grace after 1997 should be decided by future generations, a close adviser to Communist Party chief Zhao Ziyang said yesterday.

A director of the Political Science Institute of the Chinese Academy of Social Sciences, Mr Yan Jiaqi, also said the political apathy of Hong Kong's public was not necessarily bad. "If too many people in a society care about politics, problems will arise," he said.

Mr Yan said capitalism and socialism had undergone many changes in recent years. For instance, China's socialist system had deviated from the Stalin model in the Soviet Union, he said.

"Younger generations should distinguish the merits and demerits of the two systems according to historical conditions," he said.

Mr Yan was talking to reporters after an event organised by TA KUNG PAO to mark the 40th anniversary of the newspaper's resumption in Hong Kong.

Mr Yan and the editor of PEOPLE'S LITERATURE magazine, Mr Liu Xinwu, discussed Chinese political and literary issues.

Mr Yan had a high regard for Hong Kong's rule by law. "In the 1950s, Hong Kong was worse than Guangzhou which in turn was worse than Shanghai," he said, adding that the order was reversed after 30 years due mainly to rule by law.

If every Chinese Government department and locality acted according to constitution and law, the economy would improve rapidly, he said.

Mr Yan said freedom of speech and the press, which China lacked badly, helped rectify mistakes.

But he said multi-party politics, which were popular in the West, were not necessarily applicable to China.

Mr Liu, whose magazine was criticised last year for publishing a novel on Tibetans by a writer now based in Hong Kong, said the work should not have been published.

The novel went for print before he formally became editor.

He said descriptions of sex in the novel were not acceptable to most people and that its subject of a minority nationality had caused some problems.

Critics claimed publication of the novel would jeopardise Han relations with the minority Tibetans.

However, he said its publication would not affect the affairs of the state.

People should be more tolerant of China's various new literary trends, some of which do not conform to Marxist viewpoints, he said.

"Class struggle" was not the only viewpoint to a literary work, he said.

Mr Liu said opening the mainland to the outside world would benefit writers.

Both Mr Yan and Mr Liu were criticised in the anti-bourgeois liberalisation campaign early last year following the downfall of liberal-minded Mr Hu Yaobang, then Communist Party general-secretary.

Mr Yan fell from grace with the conservatives following his advocacy of reforms and over the contents of his book Ten Years of the Cultural Revolution, which he wrote with his wife.

Ji Pengfei, Chen Muhua Meet Hong Kong Bankers
OW172326 Beijing XINHUA in English 1556 GMT 17 Mar 88

[Text] Beijing, March 17 (XINHUA)—Chinese State Councillors Ji Pengfei and Chen Muhua today expressed the hope that the Hong Kong and Shanghai Banking Corporation would expand business relations with China.

They said that China welcomes the corporation to invest in China.

The two state councillors met William Purves, chairman of the Hong Kong and Shanghai Banking Corporation, on separate occasions here today.

Ji, also director of the Hong Kong and Macao Affairs Office under the State Council, said that the situation in various sectors in Hong Kong has been good since the Sino-British Joint Declaration on Hong Kong was signed.

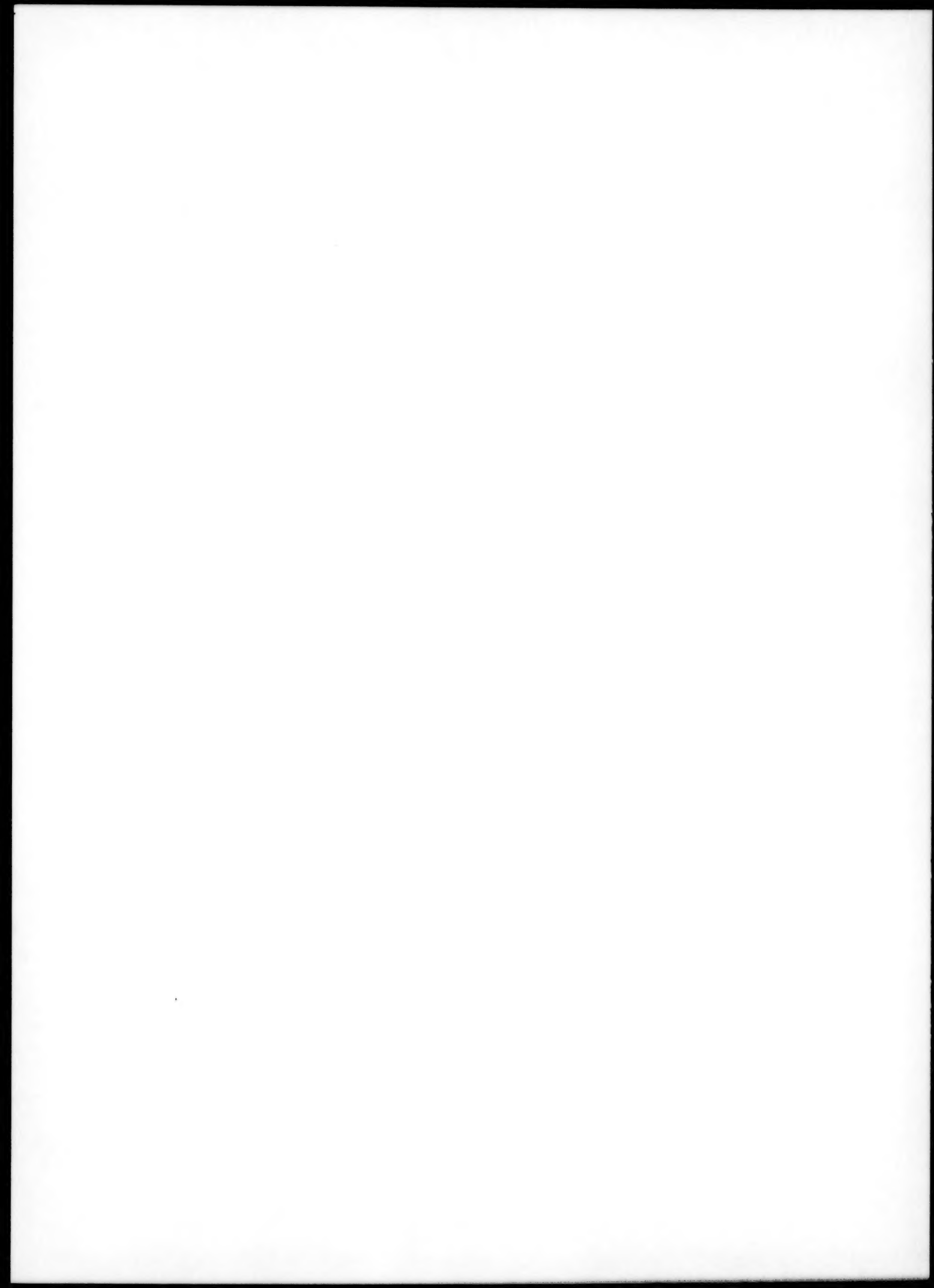
The Hong Kong Administration has contributed to the political stability and economic prosperity of Hong Kong in recent years, Ji said.

Chen, who is also governor of the People's Bank of China, said that her bank is willing to increase cooperation with the Hong Kong and Shanghai Banking Corporation.

Purves said that his corporation and the People's Bank of China enjoy "Very good" cooperative relations and he hoped to expand his corporation's business in China.

He said that the corporation will continue to contribute to Hong Kong's stability.

In the evening, Chen held a dinner in honor of Purves and his party at Diaoyutai State Guesthouse.



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